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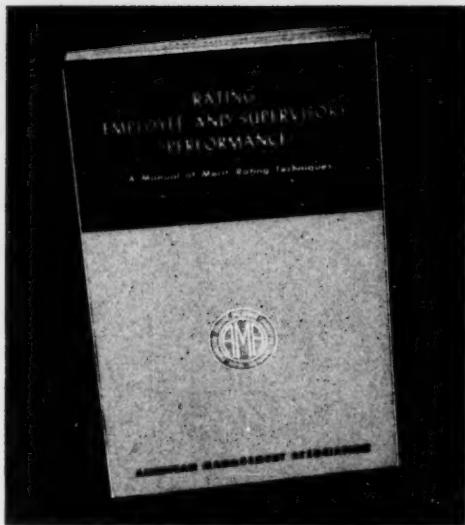
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The Management Review

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JUNE, 1950

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The Road to Business Leadership

By HARRY A. BULLIS, Chairman of the Board,
General Mills, Inc.

THREE HUNDRED YEARS AGO, Jean de La Fontaine wrote a fable about the fox and the goat, who were traveling companions.

Seized with thirst, the two jumped into a well and drank their fill. The alert fox quickly noticed they were trapped in the bottom. So he proposed a way out. He suggested that the goat rest its front feet upon the wall and stick its horns up straight. The fox promised to climb out and draw the goat up after him.

The goat thought this was a brilliant idea. He complimented the fox on his intelligence and good sense, and assumed the position. The fox clambered up and out. But instead of keeping his end of the bargain, the fox rebuked the goat for getting trapped in the first place, and left him.

The moral to the fable is:

"Whatever way you wend,
Consider well the end."

Age has not dulled the impact of those lines. One of the big questions today is whether American industry will end up the goat in the inevitable social and economic changes of the future. Of one thing we are certain. Should business find itself trapped, after everyone else has climbed out on its shoulders, I can assure you it will get little sympathy.

Of course we do not expect this to happen. It positively will not happen if business does more to take the offensive, by word and deed, for progressive American capitalism. Furthermore, organized labor and government will have to shoul-

der their responsibilities in any program to buttress American freedom and opportunity. But with each doing his share, we can plot a dramatic course of action that will capture the imagination of all Americans. The result will be a constructive answer to the pot-of-gold-at-the-end-of-every-rainbow propaganda that has decoyed millions into the tangled jungle of socialism.

It seems to me that there are four major guideposts along this road to business leadership. They are: (1) Humanity, (2) Productivity, (3) Ownership, (4) Understanding.

Business can purchase raw materials, and it can order the machines to process them. Business, however, cannot command labor. It can only persuade. This limitation to persuasion is a trademark of our democracy. It means that we voluntarily forfeit the right to regiment—a policy so treasured in the nations of the left. But successful persuasion implies responsibility for dealing with people to their greatest advantage. A man will work for you and help you, if he thinks that by doing so he will get ahead. It means that business at all times should elevate the human factor above all others in its pattern of operation.

This is a challenge of human relations, a challenge of managing men for the benefit of the group society as well as the individual unit of society. It should attract the best available talent of management. We know that the security of enterprise and the welfare of the individual are joined like Siamese twins. Let us sell

From an address at a convocation to commemorate the Golden Anniversary of the School of Commerce, Accounts, and Finance of New York University.

For publishers' addresses or information regarding articles or books, apply to AMA headquarters.

that concept. Let us set up a program to develop it further, and build a new structure of human relations that will make it clear that management and labor, by working together more closely, are better serving their mutual interests. This is the first sign post along the road to economic and social security.

Another challenge to management, and to labor as well, concerns higher levels of productivity. This means covering the Achilles heel of our economy—our vulnerability to deep depressions. We cannot permit a repetition of the crippling economic panics of the past. It is time that employers and the leaders of organized labor recognized this fact and did something about it. Remember that in our current "laboristic age," about 80 per cent of the electorate work for others and only about 20 per cent are self-employed.

Management has the task of convincing workers that increased productivity is in their own self-interest—as they produce more they can have more, and their real wages will be higher. But management will get nowhere if certain labor leaders continue to preach the economic heresy of more pay for less production. This siren song can only lure labor as well as capital to a breakup on submerged rocks. There will come a day of monetary reckoning.

It is time that responsible people everywhere—in the professions, in labor, in management, in the ranks of agriculture—stand up and dispel the mirage of the "fairy godmother state." It is based on the fallacy of more and more promises of something for nothing. It should be pointed out that without products to buy, money is utterly worthless. The only route to greater national wealth is via more and more productivity. This is something on which business can do more than merely promise. Given a fair share of cooperation from government and labor, it can deliver.

There are many other reasons why management should strive to bend upward the curve of productivity. We need more goods for an increasing population. We need more solid wealth to provide for a growing proportion of our retired and

aged, without impairing general living standards. Discharging these social responsibilities costs money. They consume wealth. In addition, we need a net increase of close to one million new jobs every year for an expanding labor force. Business can provide those jobs by increasing production. But we will also have to do a tremendous job of selling our products, of keeping our goods moving at prices people can afford to pay. The American standard of living will continue to rise only if we have the goods to make these things possible.

The necessity for broadening the base of corporate ownership suggests our third guidepost.

A program to "share the capital ownership" will strengthen industry. The number of Americans having direct ownership of stock in our corporations is estimated at less than five or six million families. But, in addition, one in every six families owns a business. This is just a beginning. We need to be resourceful in finding new techniques to broaden the base of American capitalism so that its foundation will be as sound as that of the Great Pyramid of Cheops on the Nile, that has stood for 5,000 years and shown no appreciable wear.

The problem is obvious. More people need more of a direct stake in our dynamic productive economy. They require a sense of ownership, of participation. Progressive American capitalism needs the support of the people. It requires support from the vast reservoir of personal savings, of money held by the small investor. It is to the interests of both large and small investors that they should get together. And particularly it is to the interest of government to make it possible for them to get together in building for the future.

Management must give priority to the guidepost of understanding among all Americans. We can undertake a great educational program. On this we need the cooperation of organized labor. It must be shown to all the people that the basic support for this country's astoundingly high wage policy is found in the

amount that industry has invested per worker. It is not found in the restriction of the number of workers, nor in the limitation of production. It is found in the "social use" of capital. This "social use," which should be understood by all citizens, is the "dedication" by industry of a large capital investment to the use of each worker.

Management must be resourceful in proving the economic importance of research, competition, and investment to raise our standard of living. It has been pointed out that during the past 40 years, the average hourly wages of an employee of one of the largest tire producers increased from 40 cents an hour to \$1.66 an hour. Meanwhile, the cost of a small tire decreased from \$35 to \$15.25, and the mileage of the tire increased from 2,000 miles to 30,000 miles. All this was to the benefit of employees, employers, and consumers. This illustration might be duplicated hundreds of times. More production and more efficiency, through free competition, is the only way in which we can all get more for our money in the long run.

The past speaks loudly of future potential. A recent survey of the National Industrial Conference Board revealed that the buying power of American employees has virtually doubled in the period 1914-1948. During those 34 years, the average factory worker's wages rose twice as much as prices. Consider the last decade. In

1939 the total compensation of all employees in the United States was \$48 billion per year. In 1949 it had advanced to \$142 billion. Think of it—an increase of \$94 billion in 10 years! Yes, inflation played a part, but there was a huge net gain made possible by the increased productivity of American industry.

But what about corporate profits in the same decade? While wages increased almost \$100 billion, corporate earnings after taxes increased only \$12 billion between 1939 and 1949.

Direct corporation income taxes increased \$9.5 billion in the same period. With the double taxation paid by recipients of dividends, the increase was probably \$15 billion.

In other words, wages increased \$8 for every dollar increase in corporate profits, and government got as much out of corporate earnings as the owners. Such is the amazing measure of industry's ability to create wealth under our profit and loss system, even when functioning under circumstances that are far from ideal.

Management in the past supplied the leadership that enabled our nation to translate dreams of the world's highest living standard into an accomplished fact. It will continue to lead in the future. It will consider well the end—the end of more of the good things of life for more people, the attainment of a greater measure of that freedom for which generations of Americans have fought and died.

Some Pointers on Holding "Open House"

AN "OPEN HOUSE" PROGRAM easily ranks high among the few simplest, least expensive, and most effective methods management can employ to win community good will. Presented here, to help executives in planning such a program, is a digest of the experience of a number of companies that have held open house.

The first step is to choose your objec-

tive. What specific purposes do you want to achieve? Every open house should have definite objectives, and the objectives should be limited. Too many will confuse the visitors.

Allow plenty of time for preparation, usually about two months. Avoid conflict with other community events. Give consideration to probable weather, produc-

tion, and time of year when plant operations are of most interest to visitors.

Next is the question of issuing invitations. The president of one company mailed personal typewritten invitations to community leaders. Employees of another concern were asked to send in lists of persons to whom they wished personal invitations sent. House organs, newspaper articles, plant bulletin boards, banners, window cards and posters are also used to invite the public.

The following points should be observed with regard to transportation:

1. Advise transportation company of plans so they may arrange to meet special needs.
2. Post directional signs leading to plant.
3. Provide adequate parking space.
4. Arrange to have each visitor greeted by a hostess as he enters. Have sufficient guides available so as to avoid tiresome waiting. Assign 12 to 15 visitors to each guide.
5. Provide registration book to obtain addresses for follow-up.

Most plants arrange for exhibition of company products. One had a lobby display of finished goods made from its material. Manufacturers of finished goods will usually cooperate willingly.

Several plants surveyed gathered information regarding the cost of buying the equipment and providing the plant to make one job, illustrated it on large charts with pictures of machines used, and thus graphically demonstrated the necessity for capital to make jobs. In addition, this idea gave management a chance to explain that only the prospect of profits can attract needed capital, so the more prosperous the company the better it is for the community.

For that gala air, there's nothing like music. Even a strolling accordion player or banjo strummer recruited from among employees might add the festive touch.

Where available, refreshments are best served in the company cafeteria. One company without cafeteria facilities set up a gay tent surrounded by colorful flags to give a carnival atmosphere in the company yard for such service. Soft drinks, cookies, napkins, and paper cups cost a

South Carolina mill only \$200.22 for 2,122 visitors.

An open house is news and newspapers and radio stations will give it generous attention, plants have learned. Best features of the program of several mills have been combined in the composite publicity program presented:

When dates were set and type of program determined, the president invited news men and radio news broadcasters to lunch with him at the plant cafeteria. He issued his invitation to the reporters who would be writing the articles, not the editors with whom he was personally friendly. The writers were given a prepared news release on the event, they were conducted on a tour of the plant, they were introduced to key employees (not all executives but many young workers just out of college or old time workers), and they were invited to ask questions. This enabled them to write their articles intelligently.

Two weeks later, a second article was issued containing a few added details withheld from the first release intentionally to provide a new story. Two weeks before the event, a third short release announced the mayor and other community leaders planned to attend. In the week before the event, releases and pictures were issued daily.

Moreover, a large advertisement was published the day before the event.

All articles went out to both newspapers and radio stations. Paid commercial spot announcements were made over radio stations, and the company president made a two-minute broadcast the day before the event to invite all citizens to attend.

On the day of open house, interviews of guests, workers, and prominent citizens were broadcast from the mill. Photographers were employed to make a wide selection of newsworthy pictures available to the press. The day after the event, a round-up story on number of visitors, their reactions, and quotations from company executives on their feelings about the affair was offered press and radio. To

bring the story home to workers, photos and press clippings were pasted on bulletin boards about the plant and the employee publication devoted almost entire issues to the event before and after it was held.

As a final follow-up, companies sent out letters to press, radio, and important guests thanking them for their help and giving them a few facts about the success of the affair. Community leaders unable to attend were mailed copies of souvenir booklets. With these went a personal letter from one mill president expressing regret that they couldn't come and inviting them to visit the mill at any time.

—From *Open House*. Prepared for The Textile Committee on Public Relations by Dudley, Anderson & Yutzy, 551 Fifth Avenue, New York 17, N. Y. 20 pages. Gratis.

alone or with friends for a private tour.

One mill executive, leaning back in his chair after the last guest had gone, remarked: "That was fun and it was good business." Then he added thoughtfully: "It did something for me personally. I feel a more honest friendliness tonight toward our employees, our company, and the people of this town. I have a feeling they all feel that way toward us. It's the old story—it's hard to dislike people you know, and I'm making it my business to know and be known by more people in our plant and our community."

There, in a few words, lies the probable explanation of growing enthusiasm in all industries for open house programs.

Where Are We and Where Are We Going?

By SUMNER H. SLICHTER, Lamont University Professor
Harvard University

WHERE ARE WE, and where are we going? We are making the transition from a period of postwar boom or a catching-up period—when demand was supported by a large volume of needs that had accumulated during the war and the depression of the '30s—to a period when the demand for goods depends pretty largely upon the development of current needs, a "self-sustaining economy." The peak in the postwar boom occurred in the latter half of 1948. During the catching-up period, between 1945 and 1948, civilian employment increased nearly 6 million, or about 11 per cent, and the wholesale price level and the price level of consumer goods each rose by more than half. In the preceding six years, wholesale prices rose by a little more than one-third and prices of consumer goods a little less than one-third.

Since the peak in the postwar boom, employment, production, and prices have been slowly drifting downward. Between December, 1948, and December, 1949, civilian employment dropped from 59.4 million to 58.6 million. The index of factory output, which had been running around 200 in the last months of 1948, stood at 184 in December, 1949. Gross private investment dropped from an annual rate of \$48 billion in the fourth quarter of 1948 (the peak) to an annual rate of \$35 billion in the fourth quarter of 1949. The index of wholesale prices at the end of 1949 was more than 10 per cent below the peak of August, 1948, and the index of consumer prices was down about 3.4 per cent from the postwar peak.

I believe that the transition from a catching-up economy to a self-sustaining econ-

From an address before the Dairy Industry Supply Association, Inc., Chicago.

omy can be completed without substantial further drops in production and employment. Nevertheless, some further drop in production and employment is likely before the transition has been completed. I do not believe that contraction in production and employment will begin until the latter half of 1950 at the earliest and perhaps not until 1951. For some months the demand for goods will be well sustained by the disbursement of the special insurance dividend of \$2.8 billion to veterans, by the large volume of construction under contract, and by the strong demand for automobiles.

Although I expect that the transition to an economy based upon current demand will not be accomplished without a further drop in production and a further rise in unemployment, I do not expect that the drop in production and employment will be large. There are six principal reasons for this conclusion:

1. The economy is better equipped than ever before to withstand contraction. Its banking system has been strengthened, short-term private debts are no longer large in relation to national income and are no longer an important source of money supply, and the country has a system of unemployment compensation.

2. Holdings of liquid assets by individuals are large in relation to the rate at which people are spending money. At present, the annual rate of personal expenditures for consumer goods is only 3.6 times the average personal holdings of cash and demand deposits as against 5.9 times, the average of 1939.

3. Although the rate of private investment will probably slowly decline for some time, it will also remain above "normal" for a considerable period, and it may reverse its trend before it declines to normal. There is still a substantial backlog of demand for equipment, industrial plant, and housing. It is not possible to estimate the size of this backlog accurately. At the end of 1949, capital per worker was about 5.1 per cent less than it was in 1929. To bring capital per worker up to the amount in 1929 would require an investment of about \$23 bil-

lion. Certainly this figure may be accepted as a very low estimate of the unsatisfied backlog of demand for plant, equipment and housing. The actual backlog is probably somewhat higher, because during most of the last century capital per worker has been increasing.

4. The high demand for automobiles and housing may continue so long that demand for many kinds of industrial equipment and plant increases in time to offset the eventual drop in expenditures on automobiles and housing.

5. Any drop in production and employment will be retarded by expenditures on public works, for which there is great need. In particular, the great rise in the number of trucks and automobiles has made a large part of the nation's road system obsolete. Outlays for roads and bridges will be large, and many of these projects will be financed by tolls. Moreover, during the decade of the 'fifties, the country will have about 40 per cent more children between 10 and 20 years of age than it had in the previous decade. This creates a great need for schools and playgrounds.

6. Any drop in production and employment will be limited by the deficit in the Federal budget. In the present fiscal year, the cash accounts of the government will show a deficit of about \$5 billion. These accounts include a non-recurring expenditure of \$2.8 billion represented by the insurance dividend payment to veterans. Expenditures on defense and on the support of farm prices in the coming fiscal year will probably be larger than in the last year. The yield from taxes may be smaller, particularly if some of the excise taxes are reduced or repealed. Another deficit of close to \$5 billion seems fairly certain.

What can be done to assure that the transition to a self-sustaining economy is smooth and produces the least possible volume of unemployment?

Aggressive selling policies by business concerns accompanied by willingness to cut prices in order to make sales would help. So also would aggressive policies

in replacing equipment with low-cost, modern equipment.

Let's consider briefly some of the factors that will bear importantly upon the future outlook after the transition to an economy based on current demand has been made:

How will the economy be affected by modifications in the government's program for supporting farm prices? The immediate effect of the change—which probably will make agricultural products available at lower prices but cost the government large amounts of money—may be mildly deflationary; however, this effect will not last long. Government subsidies will limit the drop in farm incomes; the large increase in population that has occurred during the last 10 years will help prevent a drastic drop in the prices of farm products; and, to the extent that the prices of farm products do decrease, money will be released for the purchase of other goods.

How will the end of Marshall Plan aid affect our economy? Its effect will probably be slight. At the time it is scheduled to occur, there will be a large increase in the volume of United States savings bonds reaching maturity. The maturities of E bonds will jump from \$1.1 billion in 1951 to nearly \$4 billion in 1952, \$5.6 billion in 1953, and \$6.3 billion in 1954. They will reach a peak in 1954. In 1955 they will drop to \$5

billion, and in 1956, to \$2.6 billion. A large proportion of the money derived from maturing E bonds will probably be invested in new issues of government savings bonds or other securities. A good deal of it, though, will be spent on goods. This will offset the consequences to our economy of the end of Marshall Plan aid.

What will be the effect of the financial condition of the government on the economy? Government expenditures will continue high, partly as a result of the cold war and partly as a result of the many demands for payments based on need—pensions, old-age assistance, payments to veterans. Today the defense expenditures and payments based on need together account for about \$24 billion of expenditures by the Federal Government, or over half the government's outlay. This does not include expenditures on the European Recovery Program. The revenues of the government will probably fall short of its expenditures by at least \$2 or \$3 billion a year. In view of the great strength of trade unions, a deficit in the budget will be badly needed. It will help increase the volume of money held by the country and will help offset the unfavorable effects of trade unions upon the vigor of business enterprise. Perhaps the deficit will be large enough so that prices will rise as rapidly as labor costs and so that collective bargaining will not prevent the attainment of close-to-full employment.

—*The Commercial and Financial Chronicle*, March 30, 1950.

A Management Action Program for Stabilizing Employment

STEADY YEAR-ROUND employment is good for the worker. It generally reduces production costs. It is good for the community. Irregular employment, on the other hand, creates insecurity and disorganizes the workers' living standard.

It is costly to the employer because it means greater investment costs, higher labor turnover, higher training outlay, and more spoilage and wear and tear on machines and equipment. It means that during slack periods plant and equip-

From *Steadier Jobs: An Action Program for Management*. Economic Research Department, Chamber of Commerce of the United States, Washington 6, D. C. 1950. 20 pages. 25 cents.

ment are under-utilized. This, in turn, means more investment in production facilities to meet short-run peak output than would be the case if production were steady throughout the year.

Steady jobs mean lower unemployment compensation costs. The employer is charged with the unemployment attributable to his own operations under the experience-rating provisions of the state unemployment compensation law. Steady operations can save as high as \$30 to \$40 per \$1,000 of payroll in some states. A single layoff may cost from \$600 to \$900 in unemployment compensation. (See chart, page 313 for potential payroll savings in your state.)

In short, steadier employment and production are beneficial to all: the worker, the employer, and the community. This presents a challenge to employers in every line of business: retail, wholesale, service and manufacturing.

To some extent, of course, irregular employment and production are inevitable. Harvesting must be closely timed. Processing, canning and preserving follow the ripening of the crops. Style and fashion may dictate the timing of production, employment and sales.

Some products such as motorcars or steel may not lend themselves readily to extensive storage during periods of slack sales. For some products the demand is so fickle that advance production may be unduly hazardous. Some businesses such as summer and winter resorts are built upon climate so that year-round employment is inherently impossible.

Every business is more or less unique. The strength of our economy and of the individual business depends upon adaptation to consumer taste and demand. The goal should not be absolute stability of either production or employment. Rather, the objective should be to eliminate all irregularity of business, consistent with the individual enterprise's adaptation to its own technology, its own raw materials, and its consumer demand. Some new ventures are bound to fail; the goal of steadier jobs should be viewed reasonably, and should not become so all-pervasive

that it destroys the incentive to try something new or to expand when markets are favorable.

There are, however, a number of sales, production and personnel policies which companies in every line of business, whether retail, wholesale, service or manufacturing, have found helpful in reducing irregular employment. Every company and its employees as well as the community in which it operates may benefit by the systematic study of these policies and the adaptation of as many as seem helpful and appropriate company by company.

This report is not concerned primarily with the problem of business depressions or mass unemployment. Programs to mitigate the business cycle and general unemployment have been set forth by the Chamber of Commerce in three widely circulated reports.¹ These three reports, if widely acted upon and supported by sound government fiscal and monetary policy, should do a great deal to prevent the recurrence of periods like the 1930's (assuming war can be prevented, which is a prime cause of business instability).

Here, however, we are concerned with short-run and seasonal unemployment and the job irregularity which can be overcome or greatly reduced by properly co-ordinated sales, production and personnel policies, and by the adoption of specific management techniques which will improve the scheduling of raw materials, improve the product-mix, and improve personnel and sales policies.

The problem faces every line of business; the policies and techniques suggested should be reviewed by the employer whether his business is in manufacturing or in some other field.

In the charts on pages 311 and 312 several techniques or devices are set forth which many employers have found helpful in mitigating this short-run irregular employment. These charts provide spaces for checking the suitability of these sev-

¹ *A Program for Sustaining Employment*, 32 pages; *Business Management Action Against Depression*, 16 pages; *Business Management and Economic Analysis*, 17 pages.

eral techniques to your business. In order to get on with the job, we suggest a number of steps as follows:

1. *Establish Steadier Jobs Committee.* The president of the company should appoint a Steadier Jobs Committee² composed of top executives with at least one person from the sales department, the personnel department and the production department, to be in general charge of a study-action program.

2. *Check Study Questionnaire Blanks.* As a first step, this Committee might check the blanks on pages 311 and 312 to determine which of these techniques are now in full or partial operation and which of them are worthy of further investigation.

3. *Analyze Layoff Experience.* Request the personnel department or chief payroll officer to get all the facts on layoffs by departments over a period of several years.³ This should include weekly data on short-time, that is, work of less than a full week, data on overtime, and other evidence of employment irregularity as well as layoffs. The data may be broken down not only by department and function, but also by age, seniority, skill, sex, etc. Included in this report should be a study of the actual costs of layoffs which have accrued under the experience-rating provisions of the state unemployment compensation law, and the savings which may be made by more regular operation. The report should be skillfully assembled so that the Committee can get a clear picture of employment and unemployment over a period of a year, or several years.

4. *Study Company Policy on Personnel, Sales, and Production.* As a next step, one member of the Committee might be assigned to head a subcommittee to make a study of the company's sales policies in terms of more regular employment. Another subcommittee headed by a person from the production department might study production policies in terms of employment stability. A similar subcommittee

with at least one member from the personnel department should make a study of personnel procedure. It may be worth while to have one or two persons on each of these three subcommittees from other divisions of the business, because frequently a sympathetic outsider can raise questions with respect to other departments which people too close to the problem fail to ask themselves.⁴

5. *Reexamine Results at a Specified Date.* Having taken these steps and having set up the foregoing procedures, a date should be set for reexamination, after a reasonable lapse of time, of the charts presented in this report. It is quite possible that after such study, a renewed examination of company operations and policies and the several stabilizing techniques and devices will cause a number of people in the organization to develop new ideas on what can be done.

6. *Schedule Regular Meetings.* Arrange for regular meetings, perhaps weekly, twice a month, or monthly, of the Committee to report on findings and to appraise suggested policies. Any chairmen of the several subcommittees should be on this Committee or attend these meetings.

7. *Channel Committee Recommendations.* Set up arrangements for channeling Committee recommendations from top management to those persons who will carry out all newly-adopted policies.

There has been a great deal of discussion and much has been written about how to achieve steadier jobs. The progress already made toward that goal is encouraging. The foregoing procedure for intensifying this effort is suggested with the thought that, in too many instances, the problem of steadier jobs has not always had systematic, continuing attention from top executives. If this procedure is followed, with such adaptation as seems appropriate in the individual case, there is reason to believe that additional progress may be attained.

Stadier jobs are beneficial to all con-

² Some companies may elect to assign this function to a top executive or to a standing committee of the company.

³ If accurate data are not available, such data should be kept from the time this program is launched.

⁴ In some establishments the top Committee may be able to carry out the functions suggested in No. 4.

cerned. We have stressed the unemployment compensation tax savings arising from more regular operation. Many state laws specify that experience rating was

adopted to encourage steadier jobs. This program of action was developed by the Committee on Social Security to help achieve these state-established goals of greater wage continuity.

TECHNIQUES AND DEVICES TO PROVIDE STEADIER JOBS

Technique or Device	NOW IN EFFECT		NOT IN EFFECT		
	Completely	Partially	Impractical	Never Tried	Worth Trying
MARKETING OR SALES					
1. Create out-of-season uses for seasonal products	()	()	()	()	()
2. Diversify the market geographically or otherwise to avoid seasonality	()	()	()	()	()
3. Extra sales effort through advertising or incentives for salesmen to overcome dull season	()	()	()	()	()
4. Change product to give it an all-season appeal	()	()	()	()	()
5. Avoid special sales drives which create production or employment instability	()	()	()	()	()
6. Employ a discount system, graduated or straight, to encourage wholesalers, retailers and especially large buyers to place early orders	()	()	()	()	()
7. Intensify market research to probe and mitigate the underlying causes of irregular buying	()	()	()	()	()
8. Eliminate extreme fashion aspects	()	()	()	()	()
9. Bring out new models or adopt new packaging in slack or dull seasons	()	()	()	()	()
10.*	()	()	()	()	()
11.*	()	()	()	()	()
12.*	()	()	()	()	()

* Add other techniques and devices peculiar to your own company.

PRODUCTION POLICIES

1. Produce parts, subassemblies or finished products for stock during slack periods	()	()	()	()	()
2. Carry on continuing research on production for stock and warehousing problems	()	()	()	()	()
3. Simplify the product-mix or line of products with a view to facilitating production for stock	()	()	()	()	()
4. Diversify product-mix, developing slack-period lines	()	()	()	()	()

Technique or Device	Now in Effect			Not in Effect	
	Completely	Partially	Impractical	Never Tried	Worth Trying
PRODUCTION POLICIES (Cont'd)					<i>(Check Appropriate Items)</i>
5. Carry on maintenance, repair and construction work in slack periods	()	()	()	()	()
6. Spread out orders at the peak	()	()	()	()	()
7. Meet peak demands by special production-incentive systems	()	()	()	()	()
8. Charge unemployment compensation costs to departments responsible for layoffs	()	()	()	()	()
9. Contract work out to avoid peaks	()	()	()	()	()
10. Intensify production planning and budgeting for 12 months or more ahead with a view to eliminating shortages of supplies and components	()	()	()	()	()
11.*	()	()	()	()	()
12.*	()	()	()	()	()
13.*	()	()	()	()	()
PERSONNEL POLICIES					
1. Recruit people with more versatility and flexibility to facilitate shifting from slack to busy departments	()	()	()	()	()
2. Train employees for more than one task	()	()	()	()	()
3. Transfer employees from slack to busy departments	()	()	()	()	()
4. Centralize all hiring and layoffs in one office	()	()	()	()	()
5. Utilize slack periods for training and retraining personnel	()	()	()	()	()
6. Schedule vacations during slack periods	()	()	()	()	()
7. Develop a "flying-squadron," "utility crew," or "extra gang," to meet temporary department peaks	()	()	()	()	()
8. Meet peak demands by a special production-incentive system	()	()	()	()	()
9. Hire part-time people, especially students and others not wanting full-time work	()	()	()	()	()
10. Use a flexible workweek with stable weekly pay	()	()	()	()	()
11. Develop arrangements with one or more other employers to borrow and lend employees (systematic dovetailing)	()	()	()	()	()
12.*	()	()	()	()	()
13.*	()	()	()	()	()
14.*	()	()	()	()	()

* Add other techniques and devices peculiar to your own company.

POTENTIAL UNEMPLOYMENT TAX SAVINGS*

STATE	Maximum Tax Rate	Minimum Tax Rate	Potential Savings per \$1,000 of payroll	Potential Benefit Cost per layoff
	(percent)	(percent)	(dollars)	
Alabama	2.7%	.5%	\$22	\$400
Alaska	2.7	**	**	625
Arizona	2.7	.5	22	312
Arkansas	2.7	.3	24	352
California	2.7	0	27	650
Colorado	2.7	0	27	455
Connecticut	2.7	.25	24.50	936
Delaware	3.0	.2	28	650
District of Columbia	2.7	.1	26	400
Florida	2.7	.1	26	240
Georgia	2.7	.5	22	288
Hawaii	2.7	0	27	500
Idaho	2.7	1.1	16	400
Illinois	2.7	.25	24.50	650
Indiana	2.7	.1	26	400
Iowa	3.6	0	36	450
Kansas	2.7	.7	20	500
Kentucky	2.7	0	27	440
Louisiana	2.7	.9	18	500
Maine	2.7	.9	18	500
Maryland	2.7	.2	25	858
Massachusetts	2.7	.5	22	575
Michigan	4.0	1.0	30	640
Minnesota	3.0	.1	29	625
Mississippi	2.7	.9	18	320
Missouri	3.6	0	36	400
Montana	2.7	1.0	17	360
Nebraska	2.7	.2	25	400
Nevada	2.7	.1	26	962
New Hampshire	2.7	.5	22	575
New Jersey	3.6	.3	33	572
New Mexico	3.6	.3	33	400
New York	2.7	**	**	676
North Carolina	2.7	.1	26	500
North Dakota	2.7	.25	24.50	520
Ohio	2.7	.3	24	780
Oklahoma	2.7	.3	24	484
Oregon	2.7	.3	24	650
Pennsylvania	2.7	.5	22	600
Rhode Island	2.7	2.7	0	650
South Carolina	2.7	.25	24.50	360
South Dakota	2.7	0	27	400
Tennessee	2.7	.5	22	400
Texas	2.7	.1	26	480
Utah	2.7	.8	19	500
Vermont	2.7	.6	21	500
Virginia	2.7	.3	24	320
Washington	2.7	**	**	650
West Virginia	2.7	0	27	575
Wisconsin	4.0	0	40	689
Wyoming	2.7	.2	25	620

* Most recent information available. For accurate up-to-date information check with your state administrator of U.C.

** No specified minimum rate; determined by the amount of surplus distributed each year.

1950 Survey of Consumer Finances

PRESENTED BELOW are highlights of the findings of the Fifth Annual Survey of Consumer Finances sponsored by the Board of Governors of the Federal Reserve System and conducted by the Survey Research Center at the University of Michigan. These preliminary findings are based on simplified tabulations from approximately 3,000 interviews made during January and February in 66 sampling areas throughout the country, including the 12 largest metropolitan areas.

1. Consumer plans to purchase houses, automobiles, and other selected durable goods in 1950 appear, on the whole, to be at least equal in early 1950 to those expressed at the beginning of 1949 and again in midsummer.
2. Personal income expectations for 1950 were generally as optimistic as a year earlier despite some increased frequency of lower current incomes than a year ago.
3. With regard to the general business outlook for the next 12 months, consumers evidenced greater uncertainty than at the beginning of 1949. However, they were somewhat more optimistic than last July following a series of business adjustments in the first half of the year.
4. A belief that prices will fall in the coming year is widely held, especially with regard to automobiles and large household items, but the number expressing this belief is down sharply from six months and a year ago.
5. Somewhat more than half of all employees polled thought it would be difficult, if not impossible, to get another job paying about the same amount of money if, for any reason, they were to lose the job which they had at the beginning of the year. About two in every 10 felt absolutely certain that they could get a job with equal pay, but a slightly larger proportion were equally certain it would be impossible to get another job without some sacrifice in their current income. Comparable data on this point were not obtained in previous years.

—Federal Reserve Bulletin 4/50

Open House Technique: A Direct Approach

AT DAVENPORT, IOWA, where Aluminum Company of America has built a large mill to produce aluminum sheet, there was great curiosity on the part of the public to see this new addition to the industrial life of that section of the country. Last fall, in line with its custom of having open house for employees and for the public, particularly at its new plants, Alcoa staged such an event at this plant which is located near Davenport but is closer still to a small community known as Bettendorf. The open house, which attracted some 10,000 guests, was used as a means of making a direct approach to a serious company problem.

The officials of the town of Bettendorf have eyed this plant with a view toward extending the corporate limits to include this sizable property on the town tax rolls. Alcoa used its open house to demonstrate its self-containment from the standpoint of fire protection and all the other services a small town could possibly render. It issued to each visitor an attractive booklet entitled *The Davenport Story*, telling all about the plant. As a separate insert in this booklet, it included a one-page sheet headed "Alcoa Fights Proposed Annexation as Direct Threat to Further Industrialization of Entire State." Through the open house, the company brought this issue into the open and acquainted the entire community with its side of the controversy.

—CHARLES C. CARR in *The Public Relations Journal* 5/50

THROUGH HISTORY it has always been more radical to improve man's standard of living through production and distribution of new goods and satisfactions than it has been simply to share and distribute what already existed.

—HOWARD CHASE, Director of Public Relations, General Foods Corporation

Office Management

Office Training from A to Z

AN EMPLOYEE TRAINING PROGRAM has been inaugurated by the Mutual Life Insurance Company of New York which begins with an induction program for new employees and extends to a training plan for top-echelon officers.

The principal aspects of the program are described below.

An induction program: Suppose you are a young high school graduate, for example, just accepted by the company for a clerical job. The induction program is your official welcome, designed to acquaint you with the fundamental policies and operations of the company. In a 12-hour course, you get a brief resumé of the development of life insurance, an outline of Mutual Life's history, a summary of the company's organization, and an explanation of employee benefits and procedures. The provisions and purposes of the company's life insurance policies are explained. Emphasis is placed on your part in making possible the service of life insurance to the public. The program is intended to put you at ease in your new job and to get you squared away properly.

An educational refund plan: If you want to study further along lines that can help you advance, Mutual Life will reimburse you up to \$150 a year for tuition, examination, and related costs of accredited study. You are, moreover, eligible for an automatic salary increase upon the successful completion of certain courses. This is in addition to any merit raise to which you may be entitled. The educational refund plan is available not only to home office employees, but to about 850 salaried employees working in Mutual Life's agency offices throughout the country.

Outside the educational refund plan, the company conducts courses to help clerical employees in the home office who

wish to advance toward stenographic or secretarial work.

A college training program: As a mathematical student, you may, for example, have ambitions to be an actuary. During summer vacation after your junior year, you may be working for Mutual Life learning the actuarial ropes and pointing toward a permanent job after your graduation. The summer job gives the company an opportunity to look you over, to observe your work, to give you rudimentary training, and to decide if you have the ability necessary for a permanent position. Or, on the other hand, you may be one of a small group brought into Mutual Life after your graduation last June under a three-year plan of formal study and on-the-job training. Your work will rotate among departments during that period.

The objective of the over-all college training program is to develop and maintain an adequate supply of personnel with abilities for supervision, management, and administration.

A supervisors' training program: Let's say you have been with Mutual Life for some time and have reached the supervisory level, in charge of a section or small unit. Under the program for supervisors, you will, in effect, be training yourself. You will be in periodic conferences with other supervisors. You will trade ideas about good supervisory principles and methods. You will put these formulae into a training manual that will be subject to continual refinement. The manual will establish principles that you and your fellow supervisors have determined and to which all of you will have subscribed. The manual will be a check list which you can match against your own performance as a supervisor.

The plan is designed to give the supervisor a better understanding of his job,

a better idea of what is expected of him, workable methods for practicing his own good supervisory principles, and confidence that the whole thing works and meshes smoothly.

A management training unit: Higher in the ranks of the home office team, you may be a participant in a management training program. What is sought here is a reserve of well-trained and qualified men and women to assume responsible staff and line positions at the intermediate level. You will be among 10 to 15 employees who are assigned to the management training unit on a full-time basis for one year. You will be selected on the basis of your record and the recommendation of your department head.

Your training will include formal courses, seminar discussions, special work assignments for any and all departments, and on-the-job training. At the end of the year, you will either be moved to a higher post as vacancies appear, or returned to your previous position to await an opening at a higher level. In effect, your chances for advancement will not be confined to positions within your own department, but you will be qualified for promotions anywhere within the company. Meanwhile the fellow who took over your supervisory duties during your absence will have been on test also for his managerial abilities.

Junior officer training: Up a little higher on the home team, you are at the junior officer level. You are head of a division, or comparable unit, or a principal staff assistant to a senior officer. You may be among 20 employees, selected on the basis of your demonstrated abilities, and the recommendation of your department head, to participate in a formal program that will provide continual self-training over a two-year period. This assignment will not take up your full

time, and throughout you will be responsible for your regular job.

For one year you will be a member of a 10-man junior officer council. As such you will be expected to come up with some new ideas to improve the company's services, and to analyze the ideas. You will be given specific problems by Mutual Life's senior officers. They will look to you for definite conclusions, specific recommendations, and positive action.

Senior officer training program: At the top of the home team, you will have another plan for self-training. If your duties are in the insurance phases of the company's work, you will see what things are like on the other side of the fence by observing meetings of the investment officers and the trustees' finance committee. Conversely, if you are an investment officer, you will look in on meetings of the insurance officers and the trustees' insurance operations committee. Within your own unit, you will put greater emphasis during staff meetings on policy matters, rather than on business matters alone.

At your meetings with the chief executive officer, you will be considering more and more the inter-relationship of departments and their relation to the company as a whole. In addition, you will have a chance to study the annual reports of all departments.

The program is intended to stimulate maximum interest in the company as a team unit, to ward off any provincial attitudes that might be created, and to pave the way for chief executive positions to be awarded to men within the ranks.

Improvements in economy and efficiency, greater loyalty and greater interest in the company, increased knowledge of over-all company operations, and a finer grasp of the "team" concept—these are the results expected from the program by Mutual Life officials.

—BY WILLIAM JONES. *Office Management and Equipment*, March, 1950, p. 30:6.

Strike Back—Give to Conquer Cancer!

An Effective Forms Control Program

THE EVER-INCREASING NUMBER of reports necessary to operate a business today makes it imperative that more attention be given the forms on which reports are made. A carefully designed forms control program will help to eliminate the waste usually found whenever the ordering of forms is left as a function of the operating departments. Good form design, standardization of sizes, prevention of duplication, careful checking of changes, and the determination of practical ordering quantities can be achieved only by routing all forms through a control point. The savings that will be realized by such a program will more than pay for its cost.

The first step in establishing forms control is the selection of the control point. This may be an employee or a department. It may be a part-time or a full-time function, depending on the size of the business and the volume of turnover on forms. The personnel selected for this control function should be: (1) familiar with clerical operations and procedures; (2) intensely interested in reducing indirect costs; (3) inquisitive; (4) interested in standardization; (5) possessed of some experience in forms design and layout.

The second step is to issue instructions to all departments so that every form will clear the control point. No matter whether the form is a new one or whether changes are to be made in an existing form, all requests must be reviewed by someone assigned to the forms control program. The department handling stationery stores must not order any forms until a form printing specification sheet has been prepared. This specification sheet is prepared at the forms control point only, after a careful review has shown that the form is needed or should be changed. During the investigation, the six basic questions of "What?", "Why?", "Where?", "When?", "Who?", and "How?" are applied. Upon completion, the specification sheet clearly records the information

needed by the department handling stationery stores and purchasing for the procurement of a form on the correct grade of paper and in economical quantities.

Two copies of the form printing specification sheet should be typed in each case. One copy of the specification is used by the stationery department to prepare an accurate purchase requisition. This copy is filed so that the stores department will always have the correct specifications available when a form is re-ordered. The second copy is retained by the forms control group where folders are filed in form number order. Into each folder is filed the specifications (of which several copies are made, one going to the purchasing department in connection with obtaining bids), the original layout of the form, a sample of the printed form, and all correspondence and suggestions. When the form is revised, the new specification sheet and the new sketch are also filed. In this way, an historical record of the form is gradually established.

Now let us consider what the forms control program will accomplish. For one thing, lack of coordination will disappear. Instead of *everyone* telling the stationery department what to order, all requests for forms will be cleared through a control point and a form printing specification will be prepared for each approved request.

Duplication of forms will be eliminated. Every request for a new form will be carefully checked to insure that no other form is being used for the same function. Not only will duplicate forms be eliminated but also a saving in clerical time will be effected.

Every purchase order will carry complete specifications concerning the weight and grade of paper. If a substitute grade is necessary, the next order for reprint will go back to the standard specification. Often when a better grade has to be substituted, the printer will not charge extra, since he wishes his price to be in line with that of his competitors.

The majority of forms will fall into standard sizes so that the expense of special folders and files will have been reduced. Standard binders are much cheaper and will not be carried in stock. Furthermore, considerable saving will have been achieved in printing costs, because the standard size forms will have eliminated the cutting waste which is always associated with odd sizes.

All forms will follow a standard trend in design. The style of printing will be more uniform. Every form will have a title and will show the company name or insignia.

No changes will be made to a form until a careful study has been made to determine the effect of the change on everyone concerned. A change will not be authorized until an agreement has been reached that the revision is necessary. Forms will not be scrapped as a result of making changes in a hurry.

An up-to-date record will be available to answer questions concerning forms. It will be possible to determine why changes have been made in the past. The form printing specification in each folder will show who approved the form from the time it was started down to the latest revision. Also, this record will show suggestions and ideas that are to be incorporated with the next change. The form specification record will answer many of the questions which formerly went unanswered because someone's memory had

slipped or the person who had worked on the form had been transferred.

Every request for a new form will be investigated to determine the need. Many times clerks will attempt to have a form printed because they wish to "dress up" a report. In other cases, it will be discovered that figures and statistics are being compiled which are not needed or are not being used. Careful attention will be given the labor element behind every form because the labor cost for preparing and handling the form is much greater than the printing cost.

Each form printing specification will set up an "ordering quantity." This is determined as nearly as possible by considering the following factors:

- (a) Monthly usage.
- (b) Number of months of stock to be carried.
- (c) Delivery schedule.
- (d) Economical purchasing quantities.

Establishing practical ordering quantities will reduce the inventory carrying charges on stationery stores and will make available more room in the stock area. If a form becomes obsolete, only a minimum quantity will be destroyed. Also, when revisions become necessary the stock on hand can be used up in a short time without holding up the use of the revised form.

Once such a control program has been inaugurated, of course, it must be continued, in order to maintain the savings and the efficiency that have been achieved.

—BY HAROLD E. PITKIN. *N.A.C.A. Bulletin*, December, 1949, p. 471:6.

Some Suggestions for Reducing Telegram Expense

TODAY'S EFFICIENT BUSINESS HOUSE wants speed combined with controlled costs in all its communications—whether with people outside or within the organization. There are a number of ways in which cost-minded office managers can enable their companies to cut costs in their everyday use of telegraph service, without sacrificing efficiency:

1. Prepare a manual of telegram instructions and distribute copies to each department that sends telegrams.
2. Require the head of the department in which the telegram originates to O.K. every message.
3. At regular intervals, require some competent person to examine a month's telegrams, select samples of waste, and show those who are responsible how to cut costs in messages.

4. Use overnight telegrams instead of day-rate telegrams except where an immediate answer is necessary.

Instructions to employees on how to send telegrams should tell the number of copies to be typed, what to do with the copies, and what data must be noted for control purposes.

One company that watches telegram costs issues the following instructions:

1. Make four copies of every telegram.
 - (a) Send the original to the mail desk for pick-up by the telegraph messenger.
 - (b) Send a carbon copy with the letter of confirmation.
 - (c) Keep a carbon copy for your file.
 - (d) Send a carbon copy directly to the Purchasing Department marked "Purchasing Department."
2. Type the following information in the lower left-hand corner of each telegram:
 - (a) How sent (straight, day letter, overnight telegram, or serial, as the case may be).
 - (b) Sent by (name of the person and department sending the telegram).
 - (c) Charge (give here the name of the department to which the telegram is to be charged).
 - (d) Date (the date is important and care must be taken not to omit it).
 - (e) Time message is sent.
 - (f) Number of chargeable words.

From *Business Ideas Handbook*, by Prentice-Hall Editorial Staff. New York: Prentice-Hall, Inc., 1949. 666 pages. \$7.50.

New York White-Collar Salaries Up 3 to 6 Per Cent

NEW YORK office workers' salaries generally increased 3 to 6 per cent during the past year, according to a report released recently by Robert R. Behlow, Regional Director of the U. S. Labor Department's Bureau of Labor Statistics.* Earnings for the largest occupational group studied, women general stenographers, averaged \$47 a week in February, 1950, an increase of \$1.50, or 3½ per cent, above the 1949 level.

Average salaries for other jobs in which large numbers of women are employed were: \$35.50 for routine file clerks and \$46 for accounting clerks—both up \$1.50 over last year—and \$40 for clerk-typists—up 50 cents. Among the 24 occupations studied, average salaries for women varied from \$33.50 for office girls to \$65.50 for hand bookkeepers. However, for two-thirds of the jobs, the average weekly pay ranged between \$42.50 and \$49.

The highest-paid group of men studied was hand bookkeepers, at \$70.50; and the lowest was office boys, at \$34. These salaries reflected increases above 1949 figures of \$1 and \$1.50, respectively. Accounting clerks averaged \$56; two other large groups of men—order clerks and general clerks performing a variety of office operations generally involving independent judgment—averaged \$57.50 a week.

A comparison of average salaries in February, 1950, with those of February, 1949, reveals moderate increases of 3 to 6 per cent in weekly earnings for most occupations studied. The greatest increase was 9 per cent, received by women hand bookkeepers and men payroll clerks. In money terms, most of the increases reported ranged from 50 cents to \$1.50 a week.

The broad industry divisions represented in the study employ approximately 445,000 office workers in New York City. The most typical work schedule for women office employees in these industries was found to be a 5-day, 35-hour week. Practically all New York office workers are employed by firms which provide two weeks' paid vacation after a year of service, at least seven paid holidays, and some type of insurance or pension plan.

* A comprehensive report, now in preparation, will contain a complete analysis of wages and related wage practices for New York clerical workers. Copies will be available at 15 cents each about June 23, 1950, from the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C.

Personnel Management

How Not to Give Away Your Right to Manage

YOU CAN'T MAKE PROGRESS by moving backward. That about sums up the dilemma that faces industry when it tries to preserve the rights of management. The history of collective bargaining over the past 15 years shows a clear pattern of slow retreat, with first one and then another "sole prerogative" being taken away by, or shared with, organized labor.

Now management has two courses of action open to it. It can resign itself to continued retreat. Or it can carry on an offensive that will stem the tide. The first choice leads down the road to socialized industry. No management in its right mind would choose this path. This leaves only one thing to do: The time has come for all management (1) to intensify its efforts to improve its position through astute bargaining, and (2) to increase its activity in opposition to the young but vigorous labor-in-politics movement.

It should be recognized from the outset that there is no well-defined, enforceable legal basis for management's rights. What, then, is management to do? The answer is simply that employers must set up their own guideposts, if they are to bargain intelligently. The guides should highlight those areas of control so important to the operation of the business that they cannot be shared in collective bargaining.

A valuable guide is found in the listing, presented below, of some 20 broad management functions that the management committee at the President's National Labor-Management Conference in 1945 felt should be exempt from bargaining. These proposals were flatly rejected by the union representatives at the conference. Despite the turndown, the listing deserves close study by management desiring to safeguard functions that

are fundamental to the continued effective operation of the business.

1. Determination of products to be manufactured or services to be rendered
2. Location of the business, including establishment of new units and relocation or closing of old units
3. Determination of layout and equipment to be used
4. Processes, techniques, methods, and means of manufacture and distribution
5. The materials to be used (subject to proper health and safety measures where dangerous materials are utilized)
6. Size and character of inventories
7. Determination of financial policies
8. General accounting procedures—particularly the internal accounting necessary to make reports to owners and to government bodies requiring financial reports
9. Prices of goods sold or services rendered to customers
10. Customer relations
11. Determination of management organization of each producing or distributing unit
12. Selection of employees for promotion to supervisory and other managerial positions
13. Determination of job content (this refers to establishing duties required in performance of any given job and not to wages)
14. Determination of size of workforce
15. Allocation and assignment of work
16. Determination of policies affecting selection of employees
17. Establishment of quality standards and judgment of workmanship required
18. Maintenance of discipline and control and use of plant property
19. Scheduling of operations and number of shifts
20. Determination of safety, health, and property protection measures, where legal responsibility of employer is involved

In addition to setting up of its own guideposts, management must contend with the practical problems of negotiating and living under contracts that require the sharing of many responsibilities. Here again standards are needed. To help management achieve these objectives, here are several specific bargaining guides that

should be of real help, if taken seriously.

Make the labor agreement mean what it says and say what it means. Vague, unclear language can open up numberless loopholes for any union looking for shortcuts to a greater voice in management. Sometimes vagueness is caused by lack of bargaining skill. If that is the problem, it can be solved by letting someone who knows how to bargain do the job. But that someone should know a lot about the business and the workers directly concerned, to guarantee not only a well-written contract but also a workable one. There are few managements, if any, that can afford to duck the responsibility of spelling out the terms of an agreement in clear detail. If the union then shows itself to be mature and cooperative, management can always work with it on an information-sharing basis, using the union's ideas and recommendations where possible in the process of making necessary managerial decisions.

Either get a good management's rights clause in the labor agreement or don't have any at all. Here is a tall order, because unions don't give in easily on spelling out what are in reality limitations on their own potential powers. Those who object to "rights" clauses on the grounds that to list is to limit have a potent argument unless the list is really a good one. Under such circumstances, the contract that really spells out management's rights clearly is one of the few protections an employer can call upon.

Arbitrate disputes over interpretation of the contract, but spell out the procedure to avoid sacrificing management rights. Major requirements of a sound arbitration clause are: (a) There must be a sure-fire way of picking the arbitrator, to avoid delay when one is needed. (b)

—*Factory Management and Maintenance*, September, 1949, p. 106:4.

THE JOB OUTLOOK for 1950 college graduates has improved during recent weeks, according to Robert Moore, director of Columbia University's placement bureau. He expects the average salary of those going into jobs with a bachelor's degree to be \$240 a month in the non-technical fields, \$275 a month in the technical fields. Masters can expect \$275 and \$300; those with doctoral degrees in the physical sciences, \$425 monthly.

What Do Employees Think About Pensions?

MANY EMPLOYERS today are wondering whether the current widespread interest in security is mainly the result of union negotiation strategy, headlines, talk, or if it represents a felt need on the part of rank-and-file employees themselves.

To find the answer, The Public Opinion Index for Industry interviewers recently polled a representative sample of manufacturing employees, both manual and white-collar workers, throughout the country. Here are some of the survey findings.

In the first place, 57 per cent say they are really concerned about where they are going to get the money they need when they retire. Seventy-six per cent, to 15, say that employees of companies haven't enough protection for old age now. Ninety-one per cent, to 4, say that federal social security, as currently constituted, won't provide the average person with enough to get by on when he does retire. Sixty-five per cent, to 30, say it is not possible for the average man to provide enough for himself on his own to retire.

When employees not now covered by pension plans were asked whether they would like to be covered by such a plan, 4 to 1 replied that they would.

In the last two or three years, there have been instances of workers turning down pension plans in favor of wage increases. Respondents to the survey, queried on the subject, voted 66 per cent to 26 that they would sooner today have 10 per cent per hour put into pensions and benefits than get an increase in wages.

Seventy-seven per cent to 18 believe the Federal Government has a duty to help provide for old-age security. As to the company, 88 per cent to 8 say the company has a duty to help provide for a man's old age. But when you pin it right down to the man himself—has he a duty to help prepare for his own old age, 97 per cent say, "Yes," he has.

The worker wants his pension to be contributory and not non-contributory. This is an extremely stable opinion. The Index made a study of this subject in 1944, in which the same question was put to the working people, and at that time 22 per cent said the company should pay it all; 71 per cent said the workers should pay part; the rest had no opinion. In the current survey, too, 22 per cent said the company should pay all; 71 per cent said the workers should share in the cost.

On the question of optional retirement at a lower age at smaller benefits, employees vote 68 per cent to 23 per cent that a man should be allowed to retire at an earlier age if he is willing to accept a smaller pension.

Very few employees want the option to draw out their pension money when they need it.

Thirty-five per cent of the respondents said social security should be increased; but the majority, 54 per cent, said the best way to get more protection is to add company pensions to present social security.

—WALTER G. BARLOW in *The Manufacturing Jeweler* 4/20/50



THE EYESIGHT of more than 40 per cent of the employees in America's small plants may not be good enough for them to perform their jobs safely and accurately, according to the findings of a vision testing program currently being conducted in five Baltimore factories by the Maryland Society for the Prevention of Blindness.

Originated to provide vision testing facilities for firms that could not afford to establish satisfactory programs within their own plants, the program serves participating companies at a cost that is based roughly on number of employees, and that ranges from \$50 per year for plants with fewer than 25 workers to \$500 per year for plants with the maximum of 400 employees. These service fees are approximately one-sixth of the cost to a concern for establishment and operation of its own vision testing program. This advantage is possible because nearly all the administrative details of the program are handled by the Maryland Society office.

—ROBERT J. O'SHEA, in *The Sight-Saving Review*, Spring, 1950

The Plant Newspaper: Production Rathole

THE PLANT NEWSPAPER (or house organ, as some prefer to call it) is being so distorted in many plants and factories that it amounts to little more than a waste of money—a production rathole down which a budgetary item is poured without adequate return.

This is true because of management failure to: (a) understand what a plant newspaper can and cannot accomplish and what it should and should not contain; (b) consider the type of training an employee must have to be a competent plant newspaper editor; (c) set up a budget large enough to permit production of an effective plant newspaper.

The very term "house organ," which some insist upon applying to what should be a plant newspaper, indicates the distorted approach some factory managements take to the problem. The term "house organ" implies that the publication in question is the mouthpiece of "the house"—of management. This the plant newspaper should never and cannot be if it is to be truly successful.

This, of course, raises the question: Why have a plant newspaper if it is not to be used as the voice of management? The answer lies in the true purpose of the plant newspaper, *viz.*, to form a communication bridge between management and labor, rather than to be the voice of either party.

Too many plant newspapers contain long, windy, and pointless "Reports from the President" in every issue. It is obvious that no company official has something to say month after month that can possibly be of any value in improving management-labor relations. Yet, in essence, the improvement of such relations is the entire purpose of the plant newspaper.

The plant newspaper should first, last, and always be just what its name implies—a newspaper. This means that if the company president has a report to make to employees, the story should be treated as news and handled as such. It should not be considered as holy writ and placed

on a page by itself complete with a filigree border and a picture of the president as a man of distinction. The company president's picture should appear only at the time he makes his annual report to the stockholders (the employees should receive a report of this annual event), when he receives some signal honor, and when he resigns, retires, dies or is discharged. The object should be to keep his picture out of the paper, not to get it in.

On the other hand, many plant newspapers go to the other extreme. Their object seems to be to soft-soap the employee. Each issue is filled with reports that "Jack Jones was home with a cold last week; hope you're feeling better, Jack"—plus fuzzy pictures of babies. Most of the baby pictures look so much alike and are such poor examples of photography that I have sometimes suspected some plant papers run the same engraving for all babies.

This is a mistaken approach to building better employee-management relations. Certain university studies have shown that the first desire of the average working man in his relations with his employer is not more money in his pay envelope but, instead, greater recognition of his worth as an individual.

From the standpoint of improving management-labor relations this should be a primary endeavor of the sound plant newspaper—to get into every issue stories which will build single or groups of employees as individuals. This can be done in many ways. Stories can be run about employees' hobbies, about their wives' hobbies, about their children's accomplishments, about the ability of the employee to do his job well. Bill Bones has been doing one task for 20-odd years. Time after time the union, figuring he was going to seed on the job, has attempted to get him upgraded, but Bill likes his job. He insists on staying with it. Every plant has such men, but how often are they written up in the plant newspaper? Why not a story in which Bill explains the peculiar skill necessary to do his job well,

how he tried this method and that method, but always came back to this method?

Though most plant papers are used as vehicles of management communication with employees, the method in which they are thus used is almost always faulty. The reason is this: Most plant editors have been trained in objective reporting; schooled in what is known as the AP lead, i.e., as demanded by the Associated Press, their first paragraph should answer the questions who, when, where, what, why, and sometimes how. This is the incorrect approach to the writing of stories for a plant newspaper.

The plant newspaper should be edited for one person, the employee or, to be more exact, for the hourly-rate employee or his equivalent. Stories appearing in the paper should be directed straight to his attention. They should be subjective in the sense that top-notch advertising copy is subjective. They should not be written in terms of "he did this," but in terms of "this will affect you this way."

The editor, once he has gathered his facts, should sit down and analyze the latest company announcement. He should ask: How does this affect the hourly rate employee? What good does it do the hourly rate employee? After he has determined that, his lead (his opening paragraph) should be based on telling the employee how this latest step will benefit the employee—and the story should talk in terms of "you."

This means that the plant editor must not only be thoroughly trained in newspaper mechanics but must also be given some instruction in the essentials of advertising copy writing.

A prerequisite to the production of an effective plant newspaper is the setting up of an adequate budget. A major factor in the budget is the editor's salary. In too many firms, the amount paid the plant editor is ludicrous. Not long ago a major manufacturer sought to hire a plant editor for \$50 a week; another offered \$75 a week. As a means of comparison, the minimum scale of the American Newspaper Guild (a trade union) for Chicago is \$90 a week for reporters with five years' experience; \$105 a week for assistant editors. At the present time, most Chicago newspapers are paying well above these minimums. Certainly, the plant newspaper editor should be given a salary adequate for the job he is expected to handle.

The matter of printing costs varies so widely in different parts of the country that it is beyond discussion. Certainly the editor should have a budget for printing and engravings which will give him some latitude for special editions and artwork when these are necessary.

The practice prevalent in so many plants of having a plant newspaper just because it is the thing to do is a waste of money. Either take the steps necessary to insure that you have an effective plant newspaper, or save your money.

—BY ARTHUR C. NORRIS, *Mill & Factory*, June, 1949, p. 135:4.

Training Aids Can Make Employees Happier

WHENEVER A NEW AUDIO-VISUAL medium appears, its use in industrial training and education is considered almost immediately. Yesterday the motion picture was adopted by industry shortly after its commercial possibilities had been recognized. Today it is television—as one company proved recently by

televising its annual report to stockholders. Tomorrow it will be something else.

It is imperative that management recognize, however, in planning its training programs, that all such media—valuable though they are—are merely training *aids*; and management must guard against the tendency too often evidenced to utilize

TRAINING AID	PLANNING	PREPARATION	USE	SUMMARY
<i>Model Mock-Up</i>	Plan when to use Be sure it works before you use it Have it ready, but out of sight	Tell why used and what it will show	Show at proper time Be sure all can see Explain simply Put out of sight when through	Use in review to repeat main points Answer questions
<i>Skit Play</i>	Rehearse Have setting ready	Tell why presented and what to look for	Put on at proper time Avoid distractions	Follow with discussion or quiz Answer questions
<i>Demonstration</i>	Know how to work the demonstration Have all material ready	Tell why it is being given and what to observe	Perform at proper time Explain simply Be sure all can see	Use in review Summarize main points Answer questions
<i>Field Trip</i>	Make all arrangements Tell about the trip in advance Plan guided tour with small groups	Explain purpose and plan of trip Tell what to watch for	Have trip follow plan Avoid distractions	Follow with discussion or quiz Answer questions
<i>Exhibit</i>	Prepare it for use Plan when to be used Have out of sight	Tell what it is to show	Show at proper time Explain clearly and point out features Put out of sight when through	Follow with discussion
<i>Motion Picture</i>	Preview film Plan when and how you will use Have equipment and room ready	Tell the "why" and what to look for	Show at proper time Prevent distractions	Follow with discussion or quiz Answer questions Show second time if advisable
<i>Film Strip</i>	Preview film Plan when and how you will use Have equipment and room ready	Tell the "why" and points to look for	Show at proper time Prevent distractions	Follow with discussion or quiz Answer questions Show second time if advisable
<i>Recording Radio</i>	Preview it Plan when and how you will use it Have equipment ready	Tell the "why" and what to listen for	Play at proper time Prevent distractions	Follow with discussion or quiz Answer questions Play second time if advisable
<i>Picture</i>	Have pictures in order and ready for use Keep them out of sight beforehand Have means of showing ready	Tell what to notice in the pictures	Uncover when ready to use Explain clearly and point out features Be sure all can see Cover when finished	Use in review to repeat main points Answer questions
<i>Chart</i>	Have charts in order Have means of showing them so all can see Put out of sight beforehand	Tell what to look for particularly	Uncover when ready to use Explain clearly Be sure all can see Cover when finished	Use in review to repeat main points Answer questions
<i>Blackboard Whiteboard</i>	Have board clean Have chalk or crayons and erasers ready Know what you will put on it	(An excellent means of listing the points to look for in the other training aids)	Put points on board logically Print or write legibly Remove when finished	(List main points in review of what other training aids showed)

them as a crutch on which the rest of its training program leans.

The chart on page 325 lists certain training aids that can be highly effective if they are correctly used in industry's training programs.

Here's the story on one firm's solution of its industrial relations problems through the use of a sound training program bolstered by effective use of the correct training aids.

Management of the Southpaw Wrench Company faced a challenging problem. Employee dissatisfaction was high. Conferences with supervisors and with employees showed that the trouble wasn't over wages or working conditions or housing difficulties. It was a problem in human relations! Employees resented their foremen. The foremen discussed shortcomings with them in front of other employees, neglected to give adequate answers to their questions, paid little attention to their individual problems. The supervisors, on the other hand, felt they were doing as well as they knew how and couldn't take the time to do any more.

Having pinned down the problem, the management decided to do something about it. The answer, they felt, lay in training. A training program was agreed upon with this objective: To provide the foreman with a broader understanding of his relations with the employees under his supervision and how these relations affect the company. Human behavior and the psychology of leadership were to comprise the subject matter.

The industrial relations director brought in experts from the training field to help him set up the program and provide the training tools to go with it.

The training program—as it was finally given—opened with a member of top management telling the foremen why this training was needed, what it would cover, and how it would help them. A short

sound motion picture on basic principles of handling people was shown next. It was preceded by an introduction and was followed by a discussion in which the foremen themselves listed the principles demonstrated in the film.

Next came a recording based on actual situations which had occurred between foremen and employees in the plant. This was introduced by the instructor and was followed by a quiz in which the foremen had to determine what action should have been taken in each instance. The group then discussed the situations and arrived at certain conclusions, following which a second recording showed them how these situations could have been handled better in the first place.

But the high point of participation was yet to come. Members of the group were assigned the roles of employee and foreman in various situations. A problem was presented, and the role players made up their solutions on the spot. A discussion of their decisions followed, and a summary of the whole period of instruction closed the actual course. But there was a follow-up in the form of a practical handbook, which had been developed when the program was in its trial period.

What were the results to the Southpaw Wrench Company? Its foremen were happier because they felt better qualified to cope with the problems of human relations. Its employees were happier because they received more understanding from their supervisors. Its executives were happier because there was less dissatisfaction.

What about the industrial relations director? He was happier because he had a successful training program. And the reason it was successful was that he understood the need of good teaching principles and the part played by training aids in such a program. Briefly, he realized that training aids are just what their name implies, aids to the training program.

—BY J. O. YOUNG AND J. P. KOTTCAMP, JR. *American Business*, July, 1949, p. 26:3.

Strike Back—Give to Conquer Cancer!

Marital and Family Characteristics of the Labor Force

MARRIED WOMEN continue to play an increasingly prominent role in the nation's labor force, according to a report issued recently by the Bureau of the Census of the Department of Commerce. In April, 1949, there were about 8.7 million married women in the labor force, or 500,000 more than in April, 1948, and about 1,000,000 more than in April, 1947. Single women in the labor force, on the other hand, numbered but 5.7 million, which, though not significantly fewer than in April, 1948, was about one-half million under the total in April, 1947.

One of the largest contributions to the expanded labor force of 1948 was made by women between the ages of 35 and 44. Their increased labor force participation was attributable largely to a rise in the percentage of labor force members among married women living with their husbands. About 29 per cent of women in this group were in the labor force in April, 1949, as against 16 per cent in April, 1940. Among unmarried women and women living apart from their husbands in this age group, the proportion of workers was about the same in 1949 as in 1940.

Among women 45 to 64 years of age, labor force participation rates were higher in 1949, both for married women living with their husbands and for unmarried women and those living apart from their husbands. However, the rise in the percentage of married women in the labor force was relatively greater than that for single women and for women of other marital status. In the case of married women, the proportion of workers had doubled, rising from about 10 per cent in 1940 to 20 per cent in 1949.

Other significant facts indicated by the report were:

1. Only a relatively small increase has taken place since 1940 in the degree of labor force participation of married women in their twenties and early thirties, due in part to the high birth rate of the war and postwar years. Because, however, so many more women in this age range are now married than in 1940, the proportion of all women 20 to 34 years of age who are workers is lower now than before the war.

2. Mothers of preschool-age children are much less likely than other women to be members of the labor force. If older children are also present in households in which there are preschool-age children, the likelihood of the mother's being in the labor force is increased only when the additional children are all beyond elementary school age.

3. In April, 1949, one of every five married couples in which the husband was head of a household was a working couple (that is, both husband and wife were in the labor force). At the time of the 1940 Census of Population, only one of every nine such couples was a working couple.

An Industrial Training Program Branches Out

AT DAN RIVER MILLS, INC., Danville, Va., which employs 12,500 people, a training program which was started five years ago to instruct textile mill workers in various operations of that industry has grown to the point that employees may also take classes in adult education to receive a grade school certificate or high school diploma and may continue on through two years of college work. A supervisory training program is an important phase of the program.

The entire training program, as now set up, falls into seven categories: part time trade extension, trade preparatory, adult education, commercial, avocational, supervisory, and apprenticeship training.

The supervisory training program offers older supervisors correspondence courses in foremanship, production methods, industrial management, American law and procedure, and the like, for which the company contributes 50 per cent of cost upon satisfactory completion of the work.

Each new man is for three months routed through 21 of the most important mill departments, where his work and progress is carefully recorded. Upon completion of this phase of the program, he is assigned for a longer period to some one department, depending upon present mill needs, his aptitudes as revealed by the preliminary

training, and his own desires. At the same time, he is required to take various evening courses in such subjects as labor and industrial relations, time study, cost and quality control, public speaking, etc.

Almost all classes in this broad program are offered under the auspices of the county school board and the state department of education. They are financed by Federal, state, and company money, in equal parts. Most of the physical setup, however, is furnished by Dan River Mills, including buildings, machines, tools, light, heat, supervisory and clerical expense, as well as instructional supplies. Believing that to appreciate the opportunity fully employees should make a small contribution, the firm charges a nominal fee of \$2 a course—which amounts to about five cents a class hour. Beyond this, students need only show an inclination and ability.

Unique in the Dan River plan is its method of determining at what level students in academic subjects should start work. Many of its employees, ambitious as they are, received little formal education. The training department, however, assumes that they have advanced considerably during the intervening years of practical life, and by a series of four half-hour tests can determine what scholastic level they have attained. For example, one 67-year-old employee had left school at the sixth grade. The tests showed that she had advanced to a ninth-grade level, and on this basis she completed school and graduated after two years of night work.

Furthermore, it has been found that adult students can cover each course in 75 hours of class work, as contrasted with 188 hours in the regular county high schools. Virtually the same work and examinations are given as in the public schools. State and county education authorities have gone along with these experiments, and statistics prove that they are working well in practice.

The training department keeps a complete "career file" of each employee's training record. His successes and failures become a matter of permanent record—a record which, together with his attendance and work records, means a great deal in final decisions on promotions.

Dan River's promotion records prove that the training program has paid off. A 1947 survey showed that 40.2 per cent of those who had taken two or more 10-hour courses received promotions. This was an exceptionally high figure, as the mills were going through a period of reorganization and expansion at that time; the promotion figure, however, continues at a level above normal for industry in general.

—FRANCIS WESTBROOK, JR., in *Mill & Factory* 11/49

Vacation Scheme

HOW CAN YOU GIVE an employee a paid vacation when he has worked for several companies during the year?

A union-management arbitration board in St. Louis (bricklayers and the Mason Contractors Association) worked out a vacation-pay plan using stamps that covered the 1,400 bricklayers.

Here's how it works: By contract, employers must pay 3 per cent of payroll into a vacation fund (the union took that instead of an hourly pay hike). They do it by buying vacation-pay stamps in 10 cent, 25 cent, 50 cent, and \$1 denominations from the Tower Grove Bank & Trust Co. in St. Louis. When they make up pay envelopes for bricklayers, the employers include stamps valued at 3 per cent of the total wage. If pay amounts to \$110, for instance, \$3.30 worth of stamps go in the pay envelope.

The bricklayer then sticks his stamps in a stamp book that covers the period June 1 to May 30. Stamps can't be cashed until the end of each vacation-pay year. At that time, each bricklayer gets his stamp book certified by the labor-management stamp committee. Then he cashes it at the Tower Grove Bank. As the committee sees the plan, after some months' operation, it has only one real bug: It's likely to lead to a lot of bricklayers taking time off in the same week or two in June—right after they have cashed in their stamps. The union and contractors are studying this problem.

—*Business Week* 9/10/49

Evaluating the Employee Publication

THE PRIMARY OBJECTIVE of the employee publication is: *to help improve the employer-employee relationship and to help develop a cooperative understanding of the economic and political facts of life.* To attain this objective, the employee publication must entertain, educate, and inform. Thus the value of any employee publication can be determined by the extent to which it performs these three functions.

Entertainment is supplied by a combination of technical and editorial appeals. Technical appeal makes the publication attractive through the balanced use of format, paper stock, artwork, graphic illustrations, typography, color, printing and engraving. Editorial appeal is contained in material that possesses human interest—material that is humorous, unusual or stimulating in some respect, such as stories on hobbies, happenings, sports, recreational activities, contests, cartoons, jokes, anecdotes and legitimate personals.

Education is supplied by material that seeks improvements that are mutually beneficial to employer and employees—e.g., in relation to such matters as safety, health, conservation of resources, production efficiency, economic and political understanding.

Information in the main is news—any news that concerns the employee's job, the company or industry, and his fellow employees; news about the company's plans, policies, processes, procedures, people, and places.

The value of the employee publication to management depends on the degree to which it performs these entertainment, educational and informational functions. This degree of performance is dependent upon how well these three functions are kept in balance. Having reached this point, a logical question follows: How do you determine balance in an employee publication?

The balance (i.e., value) of the publication can be determined by two types of research: external and internal.

External research may best be described

as measuring the conformance of the publication to accepted technical and editorial standards. This type of research is conducted by: 1. Comparing technical makeup and editorial content with that of other publications considered to be of superior quality: (a) through use of a soundly developed exchange list; (b) through use of previously compiled information such as found in Champion Paper & Fibre Company's *House Magazine Layout* and *House Magazine Copy*, and in *Contents of 399 Employee Magazines* published by the Policyholders Service Bureau of the Metropolitan Life Insurance Company. 2. Securing a professional appraisal of the publication from a qualified source.

Internal research consists of conducting an authoritative readership survey of the publication, which will establish the specific preferences of your particular reader-audience and how the specific pattern of your publication fits these preferences.

What are the elements of an authoritative readership survey?

To be meaningful, a readership survey must conform to scientific principles in: (1) make-up of the questionnaire, (2) selection of the sample, (3) interviewing the employees, (4) tabulating the answers, (5) interpreting the findings, and (6) suggestions and recommendations for improvement. Among the essential elements of such a survey are the following:

1. *Analysis of the Audience.* Before conducting the survey, the make-up of your employee-reader audience should be determined in respect to personal characteristics such as: sex, age, education, marital status, and racial derivations—and employment characteristics such as: classification of occupation, length of service and geographical or departmental distribution. This breakdown is necessary to the selection of a representative cross-section sample.

2. *Action on Findings.* If properly conducted and interpreted, the survey will usually indicate areas in which the publication can be made more effective in

reaching goals. It may also indicate areas which can be improved from the employee viewpoint. Action should be taken in the latter case as well as in the former

—or an explanation given for not doing so. Finally, the findings should be reported in the publication when the survey is completed.

—ROBERT D. BRETH. *Quotes Ending* (American Association of Industrial Editors), November, 1949, p. 1:5.

Workers Like Display of Interest by Management

INFORMATION CHANNELS between management and workers in General Motors Corporation have been deepened this past year by a series of free booklets, made available throughout GM plants. More than 7,000,000 such booklets, covering a variety of topics ranging from flower planting to use of tools and management materials, have been distributed in plants from Massachusetts to California.

The booklet program, known as the GM Information Rack Service, was started experimentally after a 1948 contest in which 174,854 employees told management what they enjoyed about their work.

As a result of the contest, staff members confirmed some ideas about what GM employees wanted to know, not only about their jobs and their company but also about everything and anything that interested them individually.

A series of questionnaire cards was enclosed with GM's *Annual Report to Employees*. Returns on the cards convinced the employee relations staff that the employees liked to have the boss talk with them.

Starting in midsummer, 1948, a dozen pilot information racks were set up in five plants. The racks were simple wall fixtures at points of easy access, large enough to hold as many as 750 booklets or pamphlets. Today there are more than 800 racks in GM office and plant buildings. They are called "booklet cafeterias" and are painted blue and white for easy identification.

GM doesn't attempt to impose on em-

ployee reading habits. The plan is voluntary. The booklet-filled racks are there simply for the asking.

The upper right-hand corner of the standard rack is shaped like a white, circular target with a plastic disc insert in the center. Into this disc is fitted the featured booklet of a current series on display, with a red-lettered suggestion, "Don't Miss This One." To the left of the target sign is a white-lettered reminder, "Have You Read These?" Other than those conservative messages, no promotion has ever been used to put the idea across. Success of the venture in employee relations was instantaneous, and its popularity continues to grow.

Occasionally a booklet will contain a postcard questionnaire, asking readers to note what they like and dislike about the service. In addition to checks on the program by the questionnaires, the consumption rate of various booklets is carefully watched, and plant managements are asked to lend a sensitive ear to criticisms or suggestions.

Accomplishments of the Information Rack Service are summarized as follows by one GM executive:

Creating better understanding of GM and its people, plants and products.

Creating better understanding of the American system of private, competitive enterprise.

Building good will by offering interesting and educational booklets of real value to employees and their families—material that will be taken home, read, and kept for future reference.

Helping reduce absenteeism and increase

personal efficiency through health and hygiene education.

Keeping employees correctly informed on various employee benefit plans.

Informing employees immediately of policy decisions affecting them and the reasons behind the decisions.

Building and maintaining a favorable attitude toward GM—a feeling of pride in the job and confidence in the management.

—BY ROBERT G. SILBAR. *Printers' Ink*, February 10, 1950, p. 34:3.

AN IDEA FOR YOUR NEXT SUPERVISORY CONFERENCE: At the conclusion of a recent series of supervisory conferences, Willys-Overland Motors, Inc., Toledo, issued a booklet, entitled *Directory of Plant Supervision*, containing photographs of all the supervisors who attended the conferences. The booklet served a three-fold purpose: It provided an appropriate souvenir to those attending the meetings; it helped to enhance the prestige of the supervisory force; and it continues to serve as a means of ready identification of individual supervisors—a boon to a large staff whose members are not all personally acquainted.

—WADE E. SHURTLEFF

Production Management

The Older Worker — A Production Asset

WITH ONE HAND modern society does everything possible to extend the life of man, while with the other it writes him off as useless because of the date on his birth certificate." Thus is the modern paradox reflected by the current plight of the older worker tersely summed up by Dr. Edward Bortz, former president of the American Medical Association.

Though 17 years were added to average expectation of life at birth between 1900 and 1945, the proportionate labor force participation of the elderly has declined. In 1890, about 70 per cent of men 65 years and over were in the labor force; by 1945, the proportion had dropped to 45 per cent.

Only 50 years ago, the picture was a very different one. At that time, we were still a relatively young nation with a median age of 22.9 and with only 4.1 per cent of our population 65 years old and over. Two-thirds of these older workers

were in the labor force and no questions asked. Though industrialization was already well under way, there was still a large farm population, and a substantial proportion of the people in the labor force were self-employed or worked for small establishments—all of which factors were conducive to the employment of older workers.

By 1940, a declining birth rate, an increase in the life span, and the virtual cessation of immigration all contributed to the aging of our nation. Our median age in 1940 was 29.0. Those 65 years old and over represented 6.8 per cent of the population, but only 43.4 per cent of the older group were in the labor force and 13 per cent of them were unemployed. About half had been jobless for at least a year. In periods of large-scale unemployment, the older workers are by far the hardest-hit group.

Manpower shortages during World

War II suddenly opened the door to the older worker. It is estimated that in April, 1945, some 2,600,000 more workers aged 45 and over were employed than would have been expected from long-term pre-war trends. After the war, millions of workers left the workforce. Among the men, however, the big decline occurred in the younger groups, particularly those under 20. It is significant that the labor force contracted less among the older workers. Even today the older worker is holding his own. According to the Bureau of the Census, 4.6 per cent of the workers from 55 to 64 years of age were unemployed in November, 1949. The corresponding figure for those 65 years and over is 4.5 per cent. This compares favorably with the 5.4 unemployment rate for all ages. Despite this present status and despite the recent spurt in the nation's birth rate, there is reason to believe that basic trends will reassert themselves and the problem now latent will again become acute.

One of the more significant studies recently undertaken by the Bureau of Employment Security and affiliated state agencies was an analysis of the experience of older jobseekers in six communities—Dallas, Birmingham, Denver, Rochester, Toledo, and Portland, Oregon.

The survey reaffirmed conclusions previously arrived at and uncovered some new findings:

(1) In all six areas, there were significant restrictions against the older worker.

(2) In labor market areas with little unemployment, there are substantially fewer jobless among older workers as compared with the younger.

(3) As unemployment increases, employer specifications with respect to age tighten and are reflected in an increase in the proportion of older workers among the jobless.

(4) In both tight and loose labor markets, older workers once separated, take longer to find employment. If not reemployed at their regular work, they are usually downgraded in skill and pay.

(5) Discrimination against older workers varies not only with the condition of

the labor market but also with occupation, industry, and worker characteristics. It was found that: (a) low age limits were set on unskilled jobs that required strength, (b) there were few restrictions in the low-paid and undesirable service occupations, (c) restrictions were not too rigid in skilled occupations, (d) they were, however, rigid in white-collar jobs.

The reasons for discrimination against the older worker, though numerous, are, in the main, based upon mistaken notions.

1. "Hiring older workers will increase my workmen's compensation rate," is a frequent objection. To this the Association of Casualty and Surety Companies replied:

"Let this be understood—there is no provision in the workmen's compensation insurance policies or rates that penalizes an employer for hiring a handicapped worker. There appears to be much misinformation on this point. Therefore, to erase any misunderstanding, these are the facts. Workmen's compensation rates are determined by two factors: (1) relative hazards in the company's work, and (2) its accident experience. The formula for determining the premium rates makes no consideration for the type of personnel involved. . . . The insurance contract, therefore, says nothing implied or direct about the physical condition of the worker that the insured may hire."

2. "Older workers are more likely to become injured on the job," is another favorite standby. Yet in the report on *Absenteeism and Injury Experience of Older Workers*, prepared by the Bureau of Labor Statistics, Max D. Kossoris found in a study of work conditions of about 17,000 workers in a variety of 109 manufacturing industries that the only disadvantage of older workers is that their disabilities last longer once they are injured. But on the whole they are likely to be absent less frequently and less likely to be injured than the younger worker.

3. "Older workers are less profitable." Why invest in training oldsters who won't be around much longer." These comments overlook studies that indicate that older workers are more experienced, have

less outside distraction, are more conscientious, and often are as productive as younger workers. Undoubtedly, old age weakens ability on those jobs requiring energy and speed. But even on such jobs, the decline from age 50 to 75 is slight and varies with the occupation and individual. As for an investment in training, the problem of workers changing jobs after being trained is less acute among older workers than among their younger colleagues.

4. Pension plans are a favorite justification for personnel policies that bar older workers. In view of the current widespread trend to adopt pension plans through collective bargaining, this is rapidly becoming a serious consideration. It is, however, possible to adjust pension plan formulae so that the hiring of older workers does not place an undue burden upon employers.

5. "You can't teach an old dog new tricks," or sometimes it is more euphoniously stated as fear that the older worker may carry over old work habits instead of responding to the ways of the new establishment. Stated either way, it is not supported by information available on the subject.

What to do? A program for the older worker must point in two directions: (a) toward the elderly who want to retire, and (b) toward those who wish to remain in the labor market. At the present time, the older worker has no real choice since pensions are much too low to permit retirement regardless of inclination.

For those who wish to retire, part of

the need can be met by extension of coverage and liberalization of Old Age and Survivors Insurance and other forms of categorical relief in which older workers participate.

However, there is a great deal of evidence indicating that many workers wish to remain in the labor force beyond the age of 65. This was evidenced, for example, by the reluctance of those older workers who came into the labor market during the war to leave when hostilities were over. Moreover, we are told by the medical profession that such participation is good for them. A marked increase in deaths among workers soon after they retire has been noted. The economists add that it is good for society too, since it increases the productive units in the community and permits a higher standard of living.

Older workers cannot, of course, be legislated into jobs. It may, however, be advisable to remove those legislative barriers which make it difficult for older workers to remain employed.

The major program for solving the problem of the older worker, however, must be individual and personalized. Employers are urged to get away from counting birthdays and to think in terms of occupational or physiological age. Job engineering projects that will show the types of jobs best suited for the elderly should be undertaken. Through counseling and selective placement techniques, personalized service must be rendered to older workers.

—*The Labor Market* (U. S. Department of Labor), February, 1950, p. 27-5.

It Pays to Sell Inventory Control

MAKING EVERYBODY CONSCIOUS of his part in inventory control is the objective of an all-out "selling" program by General Electric's Apparatus Department. Everyone, from engineer to foreman, is

being reached to emphasize the importance of the part he plays in maintaining efficient inventory levels. As a result, inventory reductions have been made in record time and the Department actually

has increased its turnover in the face of a fluctuating output.

When the program originally got under way, the inventory situation throughout the industry threatened to become acute. Commodity prices had already started to decline; zinc, lead, and steel scrap were down; a fall in copper prices was imminent. Incoming orders were beginning to drop noticeably, and backlog were shrinking. The squeeze was on, and the inventory had to be given close attention.

Actually the problem was analogous to that of planning a sales program. There were two products for sale: the first was an inventory reduction starting immediately; the second was the long-range problem of permanent and continuing improvement in inventory performance. The market was the thousands of people who, through their efforts, could speedily reduce the inventory.

The first task in putting the program into effect was to get the story across to as many people as possible, and do it fast. This was accomplished by a series of meetings within each operating division. In one division, for example, an inventory plan was established with the theme "Get Everybody into the Act." The plan included the specific inventory reduction objectives for the drive and a step-by-step program of what would be done and who would be responsible for getting it done. The plan was first presented at a formal meeting to management representatives of the division. The inventory story was clearly pictured with graphs and illustrated charts. Next, the plan was presented to the operating personnel in each section, with special emphasis on the sections' individual programs. The series of presentations made certain everyone was familiar with the objectives and the plans to achieve them.

In another division, the program was launched with a dinner meeting for all division foremen. The program was carefully outlined in terms which could be easily understood. If a division desired assistance from the headquarters staff, a representative was available to lead the meeting.

In every case the story was told with interest and color. Charts or slides illustrated each point. Cartoons and simple analogies were used liberally.

Shortly after the division meetings opened the reduction drive, top management support provided the first follow-up. A series of luncheon meetings were arranged to cover each principal factory, and the Apparatus Department vice president personally described the serious situation to key supervision.

The initial meetings were aimed at telling the story and reversing the inventory trend in a hurry. It was recognized, however, that a reduction of the magnitude which was planned and a continuing improvement in turnover would require participation by a large part of the organization. One approach to this end was to set up inventory committees in each section.

Excellent results were obtained by having the foreman, together with the planning and production organization, establish goals in terms of number of pieces which were to be met by a certain date. The pieces were then converted to dollars to measure the individual sections' contribution to the reduction program.

Once the enthusiasm of the general foreman and foremen was aroused, the results were dramatic. In one plan, for example, a group figured out a way to rearrange an assembly procedure for a large product and reduced the inventory by a quarter of a million dollars, with the addition of only one inexpensive fixture.

Divisions devised numerous ways to stimulate interest. One plant distributed special forms for stockroom employees to report questionable stocks for review. Prompt action on every report kept stockhandler alert and quick to notice slow-moving items.

Since publicity is a key part of a good sales program, the company introduced a monthly newsletter, *Turnover*, entirely devoted to inventory. Its purpose is to provide a media for the exchange of ideas and to stimulate interest. It is distributed to over 600 people in all phases of manufacturing and production, and it provides

an excellent means of reporting progress, stimulating competition, and giving recognition to divisions and individuals who contribute to the success of the program.

In addition to *Turnover*, an Inventory Information Letter was introduced for distributing up-to-the-minute information to personnel working directly on inventory. Significant developments, instructions, and suggestions can be rapidly transmitted to operating personnel. Test

checks indicate that an attractive green letterhead improved the reader's acceptance of this type of information considerably.

The over-all results of the "selling" program have been excellent. Not only did the Department exceed its inventory reduction program by a comfortable margin, but the intensive effort by a large group of people has assured higher inventory turnovers in the future.

—By D. S. LISBERGER, *American Machinist*, February 20, 1950, p. 106:4.

18 Pointers for Your Maintenance Department

DO YOU THINK your maintenance costs are too high? Are you dissatisfied with the efficiency of your maintenance forces? If so, your answers to the following questions may suggest some reasons why.

1. Have you carefully surveyed your maintenance workload to make sure it takes care of everything you need, and nothing more?
2. Have you defined the duties and responsibilities of your maintenance department to prevent any omissions or overlapping with any other department?
3. Does the maintenance engineer report directly to top management, or is he at the mercy of production heads?
4. Is there adequate supervision and clerical help to instruct, check, and control all work?
5. Will the addition of a planning or methods engineer release craftsmen and supervisors for better utilization of their skills?
6. Have you enough men in each craft to keep up with the load, and are the crafts balanced so that one doesn't hold back another?
7. Are there any maintenance jobs you can subcontract more cheaply than you can do them yourself?
8. Is your paperwork system just red-tape or is it really giving you facts you want and need to know?
9. Are too many field forms making clerks out of your craftsmen?
10. Are all requests for new or alteration work being screened for necessity and "payoff" value?
11. Is any maintenance work being done without an order number—with the expenditure lost in the shuffle?
12. Do craftsmen get specific instructions and blueprints on extensive jobs, or do they have to plan the work themselves?
13. Do craftsmen have the benefit of a target of estimated hours or total cost of each job on which they are working?
14. Do minor jobs get done before major jobs because there is no system of scheduling?
15. Are you taking advantage of the benefits of daily maintenance staff conferences to plan, schedule, and discuss work?
16. Do inspectors use check lists to insure a 100 per cent inspection job?
17. Are you taking advantage of breakdown reports and inspection comments to fit your preventive maintenance program to actual needs?
18. Are the maintenance facilities, tools, and equipment good enough to do a first-class maintenance job, or do craftsmen have to use inefficient methods because of inferior tools?

CARL G. WYDER in *Factory Management and Maintenance* 1/50

The Truth About Tantalum

BY ALLAN L. PERCY

Director of Public Relations
Fansteel Metallurgical Corporation
North Chicago, Ill.

NOTE: It has been pointed out to us that some of the statements about tantalum in the article, "Here Are Tomorrow's Wonder Metals," which originally appeared in the magazine *Commerce and was digested in our April issue*, were incorrect. Accordingly, we asked Fansteel Metallurgical Corporation, which has been producing tantalum since 1922, to prepare this note.

THE USEFULNESS of any metal is determined first by its properties, then by its availability, and finally by the relative ease by which it can be refined and fabricated.

Tantalum, the seventy-third element in the periodic series, has a combination of useful properties not duplicated in any other metal or alloy. It is best known for its almost complete immunity to corrosion or chemical attack, in which respect it is almost the exact equivalent of glass. Where other metals may be "corrosion-resistant" in the sense that they are attacked slowly, tantalum is *acid-proof*; it is not attacked at all except by a very few reagents.

Another property, perhaps equally important, is the ability of tantalum at elevated temperatures to absorb and immobilize residual gases in electronic tubes, thus helping to maintain the high vacuum necessary for efficient tube operation.

A third distinctive property of tantalum is its ability to form anodic films of unusual stability. This "valve" action, combined with immunity to acid attack, is utilized in railway signal rectifiers, electrolytic capacitors, and lightning arresters.

The best-known use of tantalum is in chemical plant equipment, where the metal is used in the presence of hot, strong acids which would destroy common metals in a matter of hours. Much of the world's hydrochloric acid is produced in tantalum absorption plants and many of the modern organic synthetic chemicals, drugs, and plastics have become abundant because tantalum equipment has made difficult processes simple and practical.

Unlike some of the refractory metals which are hard or brittle, tantalum is ductile, and is worked as easily as mild steel. This property, coupled with immunity to chemical attack, gives the surgeon an ideal material for implants in the human body. With tantalum plate, sheet, wire, woven mesh and braided sutures available, the surgeon can fabricate repair parts with ease and implant them with assurance that there will be no undesirable after-effects due to corrosion of the metal.

Though the ores of tantalum cannot be called abundant, economically workable deposits exist in North America, South America, Africa, and Australia, which appear to be adequate for all predictable needs.

Unfortunately, the impression exists that tantalum is "rare," "scarce," or "expensive." Though it is more valuable than silver, tantalum is not nearly as expensive as gold or platinum. Moreover, tantalum is not regarded as a "precious" metal, and most users do not consider it necessary to establish safeguards to prevent theft. Production of tantalum at the Fansteel plant amounts to many tons each year, and though postwar production has not yet attained the 1943 peak figure, the production and use of tantalum has increased consistently each year since 1932. At the same time, the cost of the metal has decreased. The current base price of mill quality tantalum sheet, \$83 per kilogram, is the lowest in history.

A PLANT SAFETY CAMPAIGN can be peped up by distributing match folders imprinted with warnings of plant hazards, Monsanto Chemical Co., St. Louis, finds. Since many Monsanto operations outlaw smoking, the firm collects all matches from employees as they enter. When they pass through the safety exit at the end of a shift, each is given one of the company's own "safety" match books. Thus does Monsanto conduct a continuous educational campaign to promote safety.

Modern Industry 4/15/50

What You Should Know to Get Federal Contracts

ACH DAY some 500 baffled business men are led through a maze of government red tape by the new combined Military Procurement Information Center at the Pentagon in our nation's Capital. Another steady stream of manufacturers and distributors find their way to the Bureau of Federal Supply. These are the two major procurement agencies for the Federal Government.

The Military Procurement Information Center was set up last August in the Pentagon to aid business concerns in finding purchasing offices who might be in the market for their product. This was part of Secretary of Defense Louis Johnson's campaign to rid the Capitol of "five per-centers" and "influence peddlers."

The Director of Military Supply has outlined the following "Six steps for the business man to follow when seeking to sell the Department of Defense".

When procurement is the result of formal advertising and competitive bidding:

1. Find out which procurement offices of the technical services of the Army, bureaus of the Navy, and the Air Force purchase the products you manufacture or are interested in manufacturing. Army, Navy, and Air Force procurement guides listing purchased items and purchasing locations are available upon request (from Department of Defense, Departments of the Army, Navy, and the Air Force).

2. Follow notices of invitations to bid. Lists are obtainable on either a weekly or daily basis from privately published procurement information services. (Your local Chamber of Commerce, Trade Association or Public Library can furnish you with the list of publishers.)

3. Write appropriate procurement offices (as determined by Step 1) requesting that you be placed on the bidders' lists to receive invitations to bid. Enclose catalogs, folders, or descriptive lists of

your products. Also provide specific information on over-all setup of subject concern, including financial statement, description of facilities, present number of employees, and other data which indicate your ability and capacity to produce.

4. Make certain that your company is considered by the Departments as a qualified bidder. The procurement offices will supply you with the official forms when necessary.

5. Enter bids on all invitations received, or notify the issuing offices that you are not in a position to bid. This will help to keep your name in the active files.

6. If you have any questions as to which procurement offices purchase your products, write, phone, or contact the Central Military Procurement Information Office, room 3D760, National Defense Building (Pentagon), Washington 25, D. C.; phone: Republic 6700, Extension 75321.

The following pamphlets can be procured by writing to the Central Military Procurement Information Office:

A Guide for Selling to the United States Air Force.

Purchased Items and Purchasing Locations of the Department of the Army.

Purchased Items and Purchasing Locations of the Department of the Navy.

Index of Military Purchasing Offices.

A broad plan has been adopted to make information on requests for bids on military contracts widely available throughout the country to business concerns, the press, and the public.

A key point in the new plan, developed by the Munitions Board, is the designation of military public information offices in approximately nine major cities as central distribution points for information on all formal bid requests issued by the three

services.* At the close of business each day, all of the nearly 70 major Army, Navy, and Air Force purchasing offices will air mail a copy of each bid issued that day, together with a synopsis giving type and quantity of material to be purchased, bid number, and place and date of opening, to each of these information offices. These offices will collate the synopses and make them available to the press, the public, and businesses in their areas as soon as possible after they have been received. The copies of the full bids will be kept on open file in the offices for anyone who wants more information.

The Bureau of Federal Supply is a unit of the recently created General Services Administration. It buys supplies, equipment, and materials used regularly by the executive agencies of the Government—including the military.

More than 3,000 different items used by Federal offices are regularly purchased by the Bureau. Some of these are such items as office equipment, supplies, cleaning materials, paints, foods of various types, carbon paper, pens, pencils, etc.

* These cities had not yet been selected at the time this article was written.

—BY RICHARD DICK. *The New Buyers Register: The Purchasing Agent's Handbook*, March, 1950, p. 7-3.

In addition, more than 40,000 other items are purchased through annual contracts. These range from fuel oil to precision instruments, from laboratory apparatus to chemicals, office furniture, machines, and equipment of all types.

Lastly, the Bureau usually is the outlet for the purchase of "special" program items authorized by Congress. Currently, these include purchase of strategic and critical materials for the national stockpile, ECA purchases, and, until recently, purchases for the Chinese. Some of these purchases include machines, tools, steels, lumber, raw materials, pharmaceuticals, and fabricated items of a wide variety.

Most of the buying is done on a competitive basis. In some instances, a small business man may feel he can bid on only a part of an invitation. This, too, is given consideration.

Clifton E. Mack, director, says a prospective supplier need not have a Washington representative. Nor does he even have to come to Washington.

"The bureau," he says, "has never denied the rights of legitimate salesmen, and will be glad to see yours, so long as he is regularly a part of your organization. But no special representation is needed."

A Balanced Program of Marketing Research

THERE ARE FOUR continuing problems of analysis and judgment confronting the marketing executive. An adequate marketing research program will cover all four.

The first, *assessing market position*, will require different research techniques according to the nature of the product or service. In the case of nationally distributed consumer products, it may rest in considerable degree upon brand preference studies or upon sales comparisons with competitive brands, the national figures

sometimes being broken down by regions or size of city. In the industrial field, market position will not depend upon brand names so much as upon the company's reputation for pioneering sound technical developments and for rendering essential services to customers.

The process of assessing market position will usually be greatly clarified if it heads up into a program of sales forecasting. Such a program requires periodic review of sales trends, study of the current economic situation, awareness of new

developments in products or in competition, and the critical examination of particular markets in which the company may appear to be slipping. For full effectiveness it requires the participation of every department and executive directly affected, with the research department as the point of coordination. If forecasting is approached in this way, it will help to establish priorities as to the more detailed marketing research to be undertaken.

A good way to approach the second problem, *weighing market opportunity*, is by establishing market potentials on the basis of statistical analysis from such general economic series as gross national product. These original estimates are subject to later refinement through the results of field surveys. The term "market potential" need not be left vague and undefined but may be regarded as the share of the gross national product which will be spent for a product or group of products during the current year or some other specified period. A further step in getting down to cases is to make explicit assumptions as to the price at which a product will be offered and the intensity of the promotional effort behind it. It helps greatly to know people would buy the product at some price if they knew about it. There is increasing use of product testing and other experiments to determine market potential.

A major factor determining market position is the effectiveness of marketing effort in cultivating opportunity. This leads us to the third problem, *evaluating marketing effort*. A first step in the control of a sales organization is the assignment of sales quotas and the establishment of standards of sales performance. If market potentials have been calculated, sales quotas may be established on the basis of the firm's share of total market. Each salesman or territory may be expected to produce the same market share unless there are special reasons for making exceptions. Lacking a set of market potentials, it is still possible to set up a performance index related to market factors to which the potential is believed to

be related. Each salesman or territory can then be rated against average performance and attention centered on narrowing the gap between the worst and the best.

Distribution cost analysis provides a means of measuring efficiency per unit of effort expended. Make a start in distribution cost analysis by studying the relative profitability of your business divided into two or three broad categories. How much more does it cost you to sell direct than through wholesalers? If you make two distinct lines of products, what is the difference in distribution costs per unit and per dollar of sale? What is the percentage breakdown of your total distribution cost into storage, physical handling, billing, advertising, and personal selling? What percentage of your customers give you your first 50 per cent of sales, and how do the two halves of your business compare as to marketing costs?

The fourth problem is that of *planning marketing strategy*. The final choice of a plan of marketing strategy is, of course, an executive decision and the schedule for putting it into effect must depend largely upon the executive's sense of timing. Nevertheless there is plenty of room at the level of marketing strategy for the kind of fact-finding and analysis which will present the alternatives in a form which facilitates executive decision. In asking his research department to perform this function, the marketing executive is simply taking a leaf from the book of high military command which has long been accustomed to utilize staff planners.

There are available tested procedures for carrying out the function of staff planning. The first step is to list a limited number of broad alternatives which exhausts the possibilities for action. Three or four alternatives will usually be required. Two is a dangerous number, especially if executive opinion is already sharply divided on the major issue. The analyst considers each of these alternatives separately in the light of the facts and formulates the reasons for or against it. Then alternatives are weighed against each other to arrive at a choice of one or

a combination of two or more. This weighing of alternatives may well take place in an executive conference attended by the research director. In some cases the research director may be asked to present his own preliminary judgment and recommendation at the meeting.

When the broad line of action has been decided upon, it may require only an executive order to put it into effect. In other cases, the details of a final plan may remain to be worked out. Such detailed planning is an appropriate assignment to a research staff. Given such an assignment, the research director undertakes to gather the facts as to what his company or other companies have done in similar circumstances. Plans that have succeeded in the past are reviewed in relation to the current problem to determine points at

which they may have to be modified. There may be legal, financial, and organization questions raised by any proposed plan. The research department should have access to sources within the company for preliminary judgments on any such questions.

The process of analyzing alternatives is applied in the planning procedure to each step in the proposed program. As to some of the steps, the research director may be prepared to make outright recommendations. In other cases he may not be able to go any further than describing alternative procedures. Even though a number of detailed issues may remain to be decided upon, staff planning will conserve the time of the responsible executive so as to permit more deliberate consideration and decision.

—*Cost and Profit Outlook* (Alderson & Sessions, 1905 Walnut Street, Philadelphia 3, Penna.), April, 1950, p. 1:3.

The Great American Salesman

HE CAME on muleback, dodging Indians as he went,
with a pack full of better living and a tongue full of charms.

For he was the great American salesman, and no man
ever had a better thing to sell.

He came by rickety wagon, one jump behind the pioneers,
carrying axes for the farmer, and fancy dress goods for his wife,
and encyclopedias for the farmer's ambitious boy.

For he was the great practical democrat, spreader of
good things among more and more people.

He came by upper berth and dusty black coupe,
selling tractors and radios, iceboxes and movies, health
and leisure, ambition and fulfillment.

For he was America's emissary of abundance,
Mr. High-Standard-of-Living in person.

He rang a billion doorbells and enriched a billion lives.
Without him there'd be no American ships at sea,
no busy factories, no sixty million jobs.

For the great American salesman is the great American
civilizer, and everywhere he goes he leaves people better off.

—John Hancock Mutual Life Insurance Company

Trade-Marks Are Your Silent Salesmen

A FIRM'S TRADE-MARKS are among its most valuable assets. To maintain their value, a well-founded trade-mark policy, structure, and procedure are essential. You must manage trade-marks, just like the rest of your business. Neglect and misuse can seriously impair their value, especially in countries like the United States, where trade-mark rights are established by use instead of by registration.

In choosing a trade-mark, there should be kept in mind the three functions performed in modern times by a trade symbol: (a) It is an advertisement. (b) It is a guarantee of quality. (c) It indicates product source.

A good trade-mark has the following characteristics: It is easily recalled and remembered; is easy to read and to speak; is brief and striking; is not difficult to pronounce (e.g., on radio); has proper idea association; does not create ridiculous analogies; has a selling idea; is not restricted to one line of goods; will not create confusion with other products which—while not competitive—will be suggested by the mark; is suitable for export use; has pictorial quality—of growing importance in this television era.

In general, there are two fundamental forms of trade-marks: "basic" trade-mark, and the "special product" mark. Each has its special advantages.

The basic or institutional mark is one common to all products or services of a firm, related or diverse. Random examples are "Kellogg," "Dupont," "GE," "RCA," "Carnation," "Swift," "Armour," "General Motors." In each case the basic mark is a "house" or institution symbol carried by all the products of the organization. The advantages of such a basic mark may be: (1) Brand impression is made more effective. (2) New products of the firm secure an initial impetus by the good will created by favored products sold under the basic mark. (3) Each product carrying the house mark advertises every other. (4) The house mark creates an impression of size and leadership which is quite effective.

The various products of a firm are individually branded by the special product mark, e.g., "Duz," "Lux," "Vel," "Bab-O," "Spam," "Jell-O," "Electrolux," "Wheaties," "Kix." Each such trade mark brings to mind a certain product of a company and is not used on that firm's other products. Some advantages of this type of branding are: (1) It suggests the selling point of the product. "Wheaties," for example, suggests itself. (2) It permits a novel idea, e.g., "Spam." (3) The manufacturer is protected against the ill-will engendered by an unsuccessful product.

Trade-marks and service marks¹ as used in modern trade generally fall into the following categories:

Coined designations: These are highly desirable from a legal viewpoint. Such marks as "Kodak," "Ipana," "Lux," "Serutan," "Kolynos" are readily protected. The inventing, or coining, of trade-marks has been studied by A. H. Cousins and H. E. Wadsworth, *Trade Names, A Guide to Their Invention, Protection and Use* (published by Harlequin Press Co., Ltd., London). The chemical fields generally, and especially the pharmaceutical industry, have special brand name problems, since it is often necessary to provide a name for a new product which will serve as the common name, and a coined arbitrary expression which will function as the brand of the common name product.

Picture or Motif: The dog and phonograph of RCA, the red cross of Johnson & Johnson, Elsie the cow of Bordens, the bearded Smiths, and the MGM lion are familiar examples of valuable picture trade-marks. When you choose such a mark, you will gain: (a) perfect export

¹ The term "Service Mark" as defined in Section 45 of the Lanham Trade-Mark Act of July, 1946, means a mark used in the sale or advertising of services to identify the services of one person and distinguish them from the services of others. It includes marks, names, symbols, titles, designations, slogans, character names, and distinctive features of radio or other advertising used in commerce. See, also, "Radio Service Marks," by A. S. Greenberg, 39 T.M.R. 75, February, 1949.

use identification, (b) product personalization, (c) interesting themes for advertising—of utmost importance in television, (d) symbol of the product's virtues.

Sounds: Popularized by radio. For example, the NBC chime-like notes.

Letters and Numerals: The marks "A&P," "RCA," "GE," are excellent examples. Brevity is their virtue.

Suggestive: Here we have such trademarks as "Ivory," "Sunkist," etc.

Descriptive: "Nu-Enamel," "Dyanshine" are examples of such marks. It requires sufficient use to create distinctiveness.

Geographic: "Canadian Club," "Waltham" watches, "Philadelphia" cream cheese. Here, again, uniqueness depends on their becoming distinctive.

Historical: For example, "George Washington" (coffee), "Martha Washington" (candy).

Literary: These literary allusions are recognizable: "Lorna Doone" (biscuits); "Venus" (pencils); "Rembrandt" (radio).

Family: "Ford," "Dr. Lyons," "Davis," "Rogers," are but a few illustrations of a common form of personal name trademark.

Common: These are not wise to select. They are protected with great difficulty, and with restrictions: "Acme," "Excell-sior," "Superior," "National," "General," "Triumph," "Royal."

Color: These are not dependable marks today.² Examples: Red and white labels of Carnation, Campbell, and Armour.

Companies should control the number of trade-marks. Every trade-mark involves an initial and continuing investment in creating and defending it. The expense of these items multiplies with the number of marks. The initial investment comprises many items, including selection, advertising, and marking of products. In addition, one or more trade-mark registrations are usually required in each country

² One cannot acquire a trade-mark by color alone. The decision in the Campbell Soup vs. Armour & Co. (C. C. A. 3), 81 U. S. P. Q. 431, May 16, 1949, discusses the color type of trade-mark and its limitations.

according to the variety of merchandise upon which the mark is used, or is likely to be used. The cost of obtaining trademark registration is substantial. The continuing investment includes renewals from time to time at a cost generally equaling that of each original registration. Further, most successful trademarks are encroached upon either inadvertently or intentionally by unscrupulous competitors wishing to benefit, if possible, by their prestige. Much time, effort, and expense are required to trace and stop these imitators and interlopers.

A number of foreign countries have laws which provide that the first registrant is the lawful owner of a trade-mark even as against a prior user who has not obtained registration. Such laws unfortunately lend themselves to well-known trade-mark piracy practices which generally result in the original user's being faced with the necessity of either buying out the trade-mark pirate or adopting another mark. Either course is costly.

There are certain precautions to bear in mind with respect to your trade-marks used in foreign countries. You will need to be vigilant about your trade-marks in the hands of the friendly and the unfriendly. Some "do's" and "don'ts" are suggested (with trepidation):

1. Do not permit your dealers or distributors in foreign countries to display your registered trade-marks without some qualifying title. Further, try to have included some such reference as *Marca Registrada* in Spanish countries where this marking is compulsory. If possible, have added the registrant's name.

2. Do not permit your foreign distributor or subsidiary to register your marks in their names, or to bring legal action against infringers without your instructions.

3. Have your foreign distributor or subsidiaries send to the home office, labels and advertising for trade-mark approval and "monitoring."

4. If you use a picture trade-mark, you have an excellent export mark. Regardless of the foreign language of your export market, the customer will recognize the picture. If you use a word trade-mark, then be sure to teach its foreign equivalent, if possible, to the foreign market.

5. Air transport, radio broadcasts, world wide magazine circulation and newspapers

will be apt to disperse knowledge of your new mark long before you ship goods into a prospective export country. Your cheapest trade-mark insurance will be to register as soon as possible, particularly in countries where use is not required.

6. Protect your unique marks against piracy by identifying the foreign mark with your firm name. Insist that your competitors respect your trade-mark. Oppose all attempts to dilute it, either by registration or use, by suitable litigation.

7. Do not permit generic misuse of your mark, because you will risk losing it. Give the public and the press the generic or descriptive word to use with your branded product. Insist upon use of the descriptive name. Thus, "Victrola" phonograph, "Pyrex" glass, "Frigidaire" appliance, "Vaseline" petroleum jelly, "Thermos" vacuum bottle, "Kleenex" tissue. This is important. Your own dealers and employees must lead the way by stressing the trade-mark aspect of your mark.

8. Retain records of usage in export markets. These records, involving brand used and dollar volume and specific products, may be invaluable in a foreign country for litigation, opposition or cancellation. Failure to furnish probative records may result in your losing your trade-mark in some country.

9. Present-day import licenses, prohibition of imports, currency exchange difficulties, all may prevent you from actually shipping your goods to a foreign country, and use of your trade-mark is thus prevented. A system of licensing your trade-mark may become the essential means for commercially exploiting it. Manufacturers often must conclude agreements with foreign establishments (distributor or subsidiary) for the manufacture, assembly or packaging locally of the product identified by the marks. Such license arrangements may be legally sound so long as no deception of the public is involved, and the licensee is carefully controlled in his use of the trade-mark. Foreign counsel must be

checked on each export country situation as it arises.

10. Beware of an uncontrolled license! The courts of any country may condemn a license of trade-marks devoid of control over the licensee. Here is a fairly safe rule to follow in the absence of specific statutory license provisions in a given country: The licensee should make the product according to the instructions of the licensor, and should be required by contract to secure the instructions of the licensor for the manufacture of the product. Preferably, provide a right of inspection by representatives of the licensor to insure performance of the terms of the contract. Further, the contract should require that at the termination of the license the licensee will cease making and selling the product. Have the licensee's advertising identify the trade-marks as the registrant's to set forth the economic tie, and to provide a guarantee that the branded goods are the ones suggested by the established mark. Where there is to be an assembly of components, if at all possible seek to export the essential units of the assembled product.

For some reason many companies, when they have an important public policy message such as an annual report, fail to associate it with their trade-marks. Instead, they present dull facts and figures couched in legalistic and financial language. In this way, they lose an opportunity to strengthen their trade-marks as representing an institution which has the public's interest at heart. You should not fail to take advantage of the public good will for the trade-mark or trade character which would assure not only readership but acceptance. Your best customers are your own employees, stockholders, dealers, and their employees. Remember: Your trade-marks are your silent salesmen; manage them well.

— BY ABRAHAM S. GREENBERG. *The Trade-Mark Reporter*, February, 1950, p. 95:10.

Inquirers Deserve First-Class Treatment

THE COST of getting inquiries, depending on product, runs into considerable money for most companies.

Moreover, the estimated total cost of answering one inquiry correctly is 55 cents. In most instances, that 55 cents is a wise investment. It represents an open door to a salesman or dealer. General advertising knocks on the door, but when a prospect takes

the time to answer that advertising, he's interested. He has come to the door and opened it to listen to your selling message.

Such a prospect is first-class. He rates a quick, courteous reply by first-class mail. Here's a 10-point program for answering inquiries that will pay off:

1. *The inquiry is answered the very day it comes in.* No delay. The prospect is still warm. He's eager for information. Give it to him before he forgets why he wrote.
2. *The answer is in the form of personal, mimeographed, or printed letter.* The prospect likes to know he is appreciated.
3. *The letter comments on the subject of the inquiry.* This is a reminder to renew interest.
4. *The letter is warm, sincere, courteous.* It approaches the prospect in the manner of a personal visit.
5. *The letter asks the prospect to buy now.* This one response might do the job of making the complete sale—and often does.
6. *A personal P.S. tells the prospect where to buy.* This helps make it easier for the prospect to become a customer.
7. *Literature requested is enclosed.* The prospect receives exactly what he asked for—no more or less.
8. *The literature is well done.* Cheap looking, mimeographed stuff won't do the job.
9. *The prospect is asked to write for additional information.* Be sure you can give this information, however, before you offer it.
10. *The second letter is also dispatched immediately.* It reviews the first letter, comments on information enclosed, with warm, sincere and courteous treatment. But it sells product much harder. The prospect is now willing to be sold a piece of goods.

Inquirers are first-class people. Treat them as such and they'll treat you with purchases.

—FRANK A. SOUTH in *Printers' Ink* 7/8/49

Extracting New Markets from Ads

AD RESPONSES can be made to pay off in new markets. Ansul Chemical Co., Marinette, Wis., learned this by going further than most advertisers do in following up inquiries. Here's Ansul's idea, which may be of value to other manufacturers:

In addition to servicing inquiries with sales literature and follow-up calls, Ansul groups them by types of industry. Where several requests come from one industry, the firm instructs salesmen to do some leg work and find out (on a special form) how that industry's products are manufactured, what are its facilities, how Ansul's product can fit into the picture.

These reports are compiled; and a direct-mail piece is sent to firms in that industry, possibly accompanied by a special ad campaign in business papers servicing the industry. If sales look hopeful, Ansul works up product potentials by industry and territory for the sales force, consults with production to increase schedules, and prepares more extensive special advertising campaigns. Ansul's recent success in selling its products to many and varied new customers is its proof of the effectiveness of the idea.

—*Modern Industry* 4/15/50

BIG PRIZES to top-flight salesmen in contests often discourage, or bore, the rank-and-file. Galleher Drug Co. (Ohio chain) upped worker morale recently by rewarding the entire staff of each of 15 stores recording the largest sales increase. Individual prizes were drawn by lot with much ballyhoo and fun.

Chain Store Age (as digested in *Brief*)

Financial Management

Financing Voluntary Pension Plans

IN VIEW OF the strength and scope of the pension movement today an urgent question that should be considered by all employers—those whose employees are already covered by plans as well as those who have not as yet been confronted with the issue—is the problem of how industry should finance its voluntary pension plans.

There is probably no single solution which is unquestionably the only correct solution at all times. It seems desirable, therefore, to outline briefly the principal methods by which pension obligations may be financed and the chief advantages and disadvantages of the more important methods.

THE PAY-AS-YOU-GO METHOD

This is probably the oldest and least satisfactory method. It is usually employed in early stages of company pension experience, particularly where grants are on an informal, year-to-year basis. However, it may also be used where there is a formal plan and life grants are made. The ability to pay pensions rests entirely on company ability to raise the cash as required.

TRUST METHOD

The employer establishes a trust by executing a deed of trust. Funds are deposited in the trust either regularly, as required by the plan or union agreement, or as determined by the employer. They are invested by the trustee under conditions specified in the deed of trust. Under the deed of trust, the employer may or may not share the investment responsibility with the trustee. Annuity grants are usually certified to the trustee by the administrative agency under the plan, and pension payments are either made by the trustee directly or insured by him under an insurance contract. The trustee is only required to pay annuity obligations to the extent that funds may be available. Where only employer contributions are

involved, the fund is not allocated to individuals. If the plan is contributory, a record must be kept of employee contributions and allowed interest. If the amount in the trust proves insufficient, the deed of trust may provide either that payments are made on a "first come, first served" basis or prorated on the basis of the respective interests of the parties having a beneficial interest in the trust. This method permits many flexibilities, among which are:

Plan can cover all employees regardless of age, service or rate of turnover, without incurring undue charges or administrative trouble. Members can be retained in service beyond normal retirement age without complications.

Benefits and eligibility provisions may be of a type for which the trust method is particularly well adapted, e.g., disability pensions and pensions based on final pay or some average pay related to service close to retirement.

Beneficiary provisions, such as the joint and survivor form of annuity, can be made more useful and acceptable to employees and employers under the trust method.

It permits integration with government pension. The trust method is well adapted to a program where the employer considers his plan the basic plan under which credit is taken for the government benefit in whole or part as pension payments become due. The Bethlehem Steel formula is an example.

Amount and schedule of employer contributions may be fixed and changed from time to time without approval of the trustee. Included under this point are such important items as the rate of interest and the mortality table to be used, and whether turnover is to be discounted. The timing of contributions is important, particularly for an employer with fluctuating earnings; also for the amortization of prior service liabilities. Under the insurance method, the insurance company has a large measure of control.

On the other hand, the trust method has certain disadvantages among which are:

Insufficient investment spread. Trust funds, even large accounts, cannot by their

very nature have the investment spread obtainable by insurance companies. This is particularly true of small funds or funds covering "closed groups." In certain circumstances, it may become virtually necessary to insure the liabilities in order to assure payment in full.

Fewer sources of investment are available to trustees. Direct, large-scale investment in housing and business centers, real estate mortgages and policy loans, all yielding relatively good return, are either not available or considered unsuitable for investment by pension trustees.

Flexibility of trust method presents some dangers. It encourages employers and unions to adopt actuarial assumptions as to interest, mortality and turnover which may not be sufficiently conservative to assure sound financing. It is a great temptation to deceive oneself and others by understating costs. It then encourages employers to promise benefits, the costs of which are not adequately foreseen. It tempts employers to postpone funding and to adopt unwise procedures and methods both as to amount of benefits and beneficiaries.

INSURANCE

(a) *Regular group contracts.* The insurance method most frequently used, except for small groups, is the regular group annuity contract. Under this form of contract, contributions made by or on behalf of each participant are used to purchase each year a single premium deferred annuity commencing at normal retirement age. Premium rates are fixed by the contract and are usually guaranteed for a period of five years. The important feature of this type of contract is the fact that once a specific unit of annuity is purchased, the employer can never be called upon for additional funds to meet the obligation which that unit represents. The obligation is solely that of the insurance underwriter.

(b) *Deposit administration contract.* The deposit administration form of contract is less well known because several insurance companies who write group contracts either refuse or prefer not to issue this form of contract. In many respects, the deposit administration contract resembles the trust arrangement. Instead of having a trust company serve as trustee, the pension reserves are deposited with the insurance company. The maximum amount of the deposit is a matter of

agreement. Thus payments may be made regularly and on the same basis as would apply under the regular group annuity contract. They may or may not be sufficient to cover the annuities which the employer has promised to pay. The minimum deposit is the amount required to meet the currently maturing liabilities which are to be insured. Interest at a guaranteed rate is credited on funds deposited. Usually, the annuity premium rates which govern annuity purchases are guaranteed for all funds deposited during the period of the guarantee, regardless of when they may be used for the purchase of annuities. Annuity liabilities are guaranteed only in respect of annuities purchased. Funds deposited are a tax deduction. The contract guarantees establish a cost ceiling to the extent funds are deposited, except as to mortality prior to retirement.

(c) *Individual contracts.* Generally speaking, this method is used most frequently for groups too small to cover under a group contract or trust fund. However, a trust is usually established in connection with this method as a depository for the policies. This prevents members of the plan obtaining control of the policies prior to the date prescribed by the plan. The trust is also used as a control for the individual policies for tax reasons. Usually, the policy is of the retirement income type providing \$1,000 of life insurance for every \$10 of monthly retirement benefit. Thus, in addition to an accumulating old-age pension, a survivor benefit of rather substantial amount can be provided immediately upon adoption of the plan. This method usually involves the use of medical examination, and in cases where the employee is unable to pass the examination, individual annuity contracts without the life insurance benefit are normally purchased. Since the insurance contracts are individual policies, the costs are based on individual level annual premium rates. For this reason and because the policy also provides survivor benefits and a life-time guarantee of rates, individual policies produce a higher cost than the other two insurance methods.

Certain administrative difficulties are involved because supplemental policies must be issued as salary increases require an increase in the amount of old-age pension and life insurance.

BOOK RESERVE METHOD

Book reserves are maintained on the company's books of account. They may be created by charges to surplus or, as is now more common, by a charge against profit and loss, if the amount is not too great to distort the current earnings picture. They may be maintained on an actuarial basis, either by irregular additions, or by a system of additions just as periodic as if a regular group annuity insurance contract were used. If the reserve is maintained on an actuarial basis, the reserve is credited yearly with the assumed rate of interest, pension payments are charged to the reserve, and the balance in the reserve is subject to adjustment from time to time in accordance with actuarial revaluations, as determined by the employer. Under this method, the assets of the reserve are invested in plant, equipment, inventory and other assets on the balance sheet. In the United States there is at present no tax deduction for such a reserve, even though it may represent an irrevocable pension commitment.

The book reserve method conserves the employer's cash; permits its retention in the business, often at a good rate of return, being invested in plant, equipment, inventories and, in some industries, in sub-soil resources. Such reserves constitute a partial reserve against inflation.

Book reserves are also advantageous when used to adjust the total pension

reserves to make them conform to changes in pension liabilities. There is always possible irrevocable over-funding under the trust fund. Under the law of some countries, pension obligations beyond those prescribed by the plan may be created as the result of over-funding; this could occur under the book reserve as well as the trust or insurance method. Experience may indicate that it is also safer in this country to under-trustee or under-insure the indicated liability and carry the balance of the reserve in a book reserve. The latter can then be increased or decreased from time to time by a charge or credit to profit and loss, in accordance with actuarial revaluations of the plan.

One great disadvantage of the book reserve method should be pointed out, namely, that the reserves are only as good as the future of the company. For this reason alone, many employers endeavor to segregate a large proportion of their pension reserves.

In deciding on what method or methods to use, it is clear that the trust, insurance and book reserve methods have their respective advantages and disadvantages. My company uses all these and other special methods and finds that each may be useful under given circumstances.

It is important that the method by which pension plans are to be financed, as well as the plans themselves, be considered subject to change in the light of changing circumstances. In any event, no pension plan will function over a period of time—no matter how financed—unless the liabilities are funded on realistic assumptions.

—J. W. MYERS in *Pensions for Employees*. Chamber of Commerce of the State of New York, 65 Liberty St., New York 5, N. Y., April, 1950. 92 pages. \$1.00.

DESPITE HIGHER UNEMPLOYMENT and higher relief rolls, the city and small-town people of the United States consider themselves more prosperous than at any time since April, 1946. This fact was ascertained by comparing the findings of a recent nationwide survey, conducted by The Psychological Corporation, with the results of similar surveys for each of the last four years. Of those questioned, 30 per cent considered themselves more prosperous than two years ago; 46 per cent, the same; 21 per cent, less; and 3 per cent didn't know. Of special interest is the fact that the feeling of prosperity today is approximately the same in all income groups.

Salary Administration for Middle Management Positions

MANY FIRMS in the past have lost employees in key positions because of the inadequacy of their salary administration at the upper levels. In this paper, some of the basic characteristics of a plan for salary administration which is in effect and has operated successfully for a number of years will be presented.

For the plan to be successful, top management must take an active interest in it, and the management groups must be wholly in accord with the plan objectives.

The mechanics of developing the program need not be extremely complex. Stated simply, the following is done:

(1) Position descriptions are prepared. (2) A plan for evaluating positions is developed and approved. (3) An evaluation committee is selected. (4) Relative worth of positions is established. (5) A comparison of position values and salary levels is made. (6) Money values are attached to position evaluations. (7) A salary schedule is prepared. (8) A rating performance plan is developed. (9) Each employee's performance is appraised and he is informed of his rating periodically. (10) Each employee is paid the salary to which he is entitled. (11) Procedures for the administration and perpetuation of the program are set up and followed.

A questionnaire soliciting the following information was used as the basis for position descriptions:

1. Describe each duty performed by you in your work.
2. Explain how your work ties in with other work of the company. Show the relationship of your work with that preceding and succeeding it.
3. Indicate the kinds of "pressures" that develop in the work for which you are responsible, such as peak loads, emergencies, and special demands.
4. Indicate the specific technical knowledge required in your position, such as types of equipment, processes used, materials handled.
5. To what extent is this knowledge used in carrying out the duties of your position?
6. In performing the duties of your position, what contacts with other people in your department are necessary and what is the purpose of these contacts?

7. What contacts with persons in other departments are necessary and what is the purpose of these contacts?
8. How frequently does your work require that you contact individuals and organizations outside the company? What contacts do you make and what is their purpose?
9. How does the work for which you are responsible affect cost of operation and company profits?
10. To what extent is your work checked and by whom?
11. Describe briefly the amount of supervision you receive from your immediate superior. Indicate the extent to which you work alone and the amount of guidance and review of your work from your immediate superior.
12. Describe briefly the extent to which you are required to perform the following: (a) training or breaking in new employees; (b) planning and scheduling your work; (c) assigning or distributing work to others; (d) developing methods and procedures for your work; (e) reviewing work of others; (f) coordinating your work with that of others.
13. To what extent do you participate in the formulation of company policy?
14. List names and titles of supervisors who are directly responsible to you and to whom you delegate responsibility for supervising some phase of your work. Indicate the number of people coming under the jurisdiction of each supervisor.

Providing an evaluation plan for a company depends on the company's individual requirements. Two principal methods of doing the job are available. The simplest method used to evaluate positions is that known as "ranking." In using the ranking method, the evaluation committee compares each position, based on its description, with all of the others being rated. Then each position is placed in sequence with relationship to those of greater or lesser relative worth. The ranking method is satisfactory for relatively small groups of positions or for smaller companies.

The second common type of evaluation plan is based on a scale of point determinations. All positions can be analyzed for common characteristics which make

up job worth. These characteristics or factors can be reduced to a usable basis. Such factors as the requirements of the job with respect to degree of knowledge or degree of direction of others or degree of creative ability can be established and used in determining position worth. A weight in terms of points can be assigned to each factor and to each subdivision or degree within the factor. Total points assigned to a position then give it a comparative value on a common point basis with all other positions. The factors that were used for evaluating positions in our company plan are shown as follows, together with indication of number of degrees recognized within the factor and maximum points assigned:

Factor	Number of degrees	Maximum points
1. Knowledge	8	40
2. Responsibility for organizing and planning	6	15
3. Responsibility for methods and procedures	5	15
4. Responsibility for direction of others	6	20
5. Independent action	6	21
6. Creative thinking	5	15
7. Contacts	6	15
8. Working conditions	6	11
Total		152

Since the positions to be evaluated are within the management area, the highest level in the organization should take part in the evaluation work. The evaluation committee should include the treasurer or controller, the head of the manufacturing operations, the head of the sales division, and the personnel director. These men will act as the permanent committee and

will have the privilege of calling in other members of the organization, as needed, on specific problems.

As a starting point, the evaluation committee must select a position which is well known to the group as a whole. The position description should be read thoroughly. The committee may then apply the value for each of the characteristics to the job. It is advisable to use a summary sheet for this compilation. A second fairly comparable job is next selected and rated. Taking the two ratings, the committee then makes a detailed cross-comparison, factor by factor. A third and a fourth key job are then selected and evaluated and cross-comparisons made between these and the first two evaluated. Usually, after having gone through the process of evaluating characteristics for four positions, as a sort of test of deliberations, the committee will have arrived at a fair appreciation of the working basis of the evaluation plan.

In developing a plan of salary administration which can be carried out effectively, it is advisable to establish a series of salary classes. Each class will have a range from a starting salary to a maximum. The range within a class will run from 25 to 33 per cent of starting salary. In our plan, five steps are used for each salary class. The mid-point corresponds with our final salary level line. It is the average rate for the position. On the lower side is a starting level and a minimum expected performance level.

Class	Points	Starting	Minimum	Aver-	Superior	Excep-
				age		tional
1	0-8	\$165.00	\$172.50	\$180.00	\$190.00	\$200.00
2	9-11	180.44	190.00	200.00	212.50	225.00
3	12-16	200.00	212.50	225.00	237.50	250.00
4	17-22	225.00	237.50	250.00	265.00	280.00
5	23-29	250.00	265.00	280.00	297.50	315.00
6	30-37	280.00	297.50	315.00	335.00	355.00
7	38-46	315.00	335.00	355.00	377.50	400.00
8	47-56	355.00	377.50	400.00	425.00	450.00
9	57-67	400.00	425.00	450.00	475.00	500.00
10	68-79	450.00	475.00	500.00	530.00	560.00
11	80-92	500.00	530.00	560.00	592.50	625.00
12	93-106	560.00	592.50	625.00	662.50	700.00
13	107-123	625.00	662.50	700.00	740.00	780.00
14	124+	700.00	740.00	780.00	827.50	875.00

Above the mid-point is a superior level and an exceptional or maximum level.

As an example, the table on page 349 indicates salary classes and the point and salary range for each class (salaries are on a monthly basis):

Each position is assigned to a salary class on the basis of its evaluated point total. Though an evaluation plan of this nature is adequate for middle management work, caution must be exercised in applying it to senior executive positions. For top management positions and those which are valued at more than \$10,000 per year, our organization has used the "ranking" method of evaluation. To establish an individual's value within a salary class, a merit rating plan should be developed and introduced.

The over-all plan should be explained to small groups of employees by someone thoroughly conversant with all its ramifications.

fications. Then, in private interview with his superior, each person covered by the program should be told of his position requirements, salary class, and salary range, and the level within that salary range at which he will be paid.

The success of any program of this sort is predicated on two things—top management approval and support, and employee approval and acceptance. It is needless to say that an employee under this type of plan should be paid the salary for the position to which he has been assigned. With the objectives of such a plan as a constant consideration, any organization can improve its employee and middle management morale tremendously. When men are needed to assume greater responsibilities, a company having a constructive salary administration program will have talent available to fit its needs.

—BY GEORGE DLESK. *N.A.C.A. Bulletin*, April, 1950, p. 937:12.

Corporations Seek Stockholder Good Will

"WHY, THEY TREATED US just like customers!"

That's the way an elderly lady shareholder reacted to the reception given stockholders the other day at the annual meeting of Western Air Lines.

Upon arrival at the meeting place, she'd been greeted by two pretty, uniformed hostesses, offering mints and chewing gum. Inside, she listened to president T. C. Drinkwater from an easy, reclining chair like those used in the company's airliners. And after the meeting, she and the other stockholders were the line's guests at luncheon.

This incident is typical of the way more and more corporations are trying to make stockholders feel they're really partners in the business and not necessary nuisances.

Other company efforts to gain the good will of shareholders include free transportation to and from annual meetings, gifts of company products, and more detailed information on operations. To reach an audience larger than can be packed into any corporate auditorium, companies are giving all stockholders flashier and easier-to-read annual reports. And some are reaching potential stockholders, too, by advertising their yearly reports in a way that's not cut and dried.

This growing "be-kind-to-stockholders" trend doesn't end with the efforts to get them to attend meetings. At the meetings, most officials nowadays appear to make a genuine effort to give stockholders all the information they want—except that which might "give aid and comfort to competitors."

A good example is Pittsburgh Plate Glass which brought the executive vice president of its three oil subsidiaries north from Corpus Christi to tell shareholders about their operation. As a result, stockholders received information which previously had not been available to them through the annual report or any other company publication.

—*The Wall Street Journal* 4/18/50

Public Confidence in Corporate Stocks Rising

BETWEEN APRIL, 1948, and April, 1950, the public's attitude toward stocks of leading companies has shown a decided improvement. In the same period there has been no appreciable change in the high regard for government bonds. This was determined by two surveys conducted by the Psychological Corporation two years apart, with personal interviews in over 130 cities and towns from coast to coast. The same questions were repeated in both surveys. The first question was:

"What is the safest way to invest your savings: in a savings bank, in life insurance, in government bonds, in bonds of leading companies, in stocks of leading companies, in real estate?"

	Apr. 1948	Apr. 1950
	%	%
Government bonds	65.0	65.8
Life insurance	13.1	12.6
Savings bank	10.6	13.4
Real estate	8.9	7.7
Stocks	1.3	2.3
Industrial bonds	1.0	1.0
Don't know	3.6	2.3

This table may be summed up by stating that there have been only small changes in the past two years in people's attitudes toward the safety of these ways of investing savings. The next question asked was:

"Where will your savings earn the most money and still be fairly safe?"

	Apr. 1948	Apr. 1950
	%	%
Government bonds	45.3	41.4
Life insurance	8.2	8.8
Savings bank	6.2	8.4
Real estate	12.4	11.8
Stocks	8.0	18.1
Industrial bonds	4.6	3.9
Others	5.2	1.3
Don't know	10.8	7.6

Here we see a slight drop in the standing of Government bonds, a slight increase for savings banks, and a very sharp increase for stocks. The largest increase for stocks occurs in the top income group, namely from 11 per cent to 31 per cent, and next in the upper-middle group, from 11 per cent to 23 per cent. Even the lower income groups showed increases, from 7 per cent to 16 per cent in the lower-middle group, and from 5 per cent to 8 per cent in the lowest income group.

Survey Shows Cost of Maintaining Tax Records

THE JOB of filing company tax returns is becoming increasingly complex. So complex is it that nearly half of the 125 manufacturing companies surveyed recently by the Conference Board report that they maintain tax departments. Three-fourths of the companies say that they find they need the full or part-time advice and assistance of special tax attorneys and accountants in filing returns.

This "tax" on taxes amounts to 0.1 per cent of sales for the average company reporting, and is 1.5 per cent of the total amount paid in taxes. This includes the cost of keeping records, and preparing, filing, and defending federal, state, and local tax returns.

Though many companies are resigned to this burden and some even feel that current compliance procedures are necessary to insure fair taxation, the majority have one or more suggestions as to how industry's burden could be lightened with no appreciable loss to the taxing bodies. Less frequent returns, standardization of municipal and state tax laws and procedures, and centralization of taxing authority are the major recommendations.

The number of different tax forms filled out by responding companies ranges from a low of 12 to 5,000, excluding information returns for employees.

Effect of Employee Contributions on Pension Cost

THE BASIC ISSUE in the Steel strike of 1949 was this: Should employees contribute towards the pension, or should the companies pay for the entire cost? The Fact-Finding Board recommended that pension plans be established and the strike-settling agreements between the CIO and the various companies in the industry provided that the plans were to be non-contributory.

This marked the fourth complete reversal in trends as to employee contributions under private pension plans in the United States. Most of the self-administered plans which were established during the first quarter of this century were not funded. Therefore, it would have been impractical for the employer to ask for contributions from participants. Insurance companies entered the pension field about 1925 with the deferred group annuity. This funding method necessarily involved a greater immediate outlay of cash than the former pay-as-you-go plans. As a result, many of the plans using this new medium called for employee contributions. The second reversal took place after 1942 when high corporate taxes reduced pension costs of corporations considerably and when salary stabilization rules froze participants' earnings. These factors caused many companies to adopt non-contributory plans at that time. Plans established after the close of the war again made use of employee contributions in many cases. This change was made because the general level of taxes was somewhat lower and the level of wages and salaries was considerably higher.

Though there are many other arguments for and against employee contributions, their principal justification is that they permit higher benefits for the same

amount of employer money. Put in another way, they are the most practical means of reducing the true cost of a retirement plan to the employer.

It is rather the exception than the rule that employee contributions provide for a fixed percentage of the cost of a pension. Pension costs vary with age. Therefore, a ceiling must be placed on contributions when the employees are asked to pay for, say, one-third or one-half of the gross cost. Otherwise, employees over 50 years of age might have to contribute as much as a quarter or more of their earnings toward the cost of a moderate pension.

In most plans employees' contributions are expressed as a percentage of their earnings. In some cases that percentage runs as low as 1 per cent; in others, as high as 5 or 6 per cent. If a plan bases benefits on annual credits of 1 or 2 per cent or some other small percentage of earnings, the rate of contribution usually bears a definite relation to the annual credit. This relationship is called the contribution ratio and is frequently 2 to 1, 5 to 2, or 3 to 1. For instance, a 5 to 2 ratio exists in a plan in which employees contribute at the rate of $2\frac{1}{2}$ per cent of earnings and the annual credit toward their pension is 1 per cent of earnings.

The employer considering a plan will usually have a definite standard of benefits in mind. His consultant can tell him how much these benefits are likely to cost. The employer also knows what rate of contribution his employees would be willing and able to pay. Naturally, he wants to know how much of the total cost would be provided by such contributions. It has already been stated that pension costs vary with the age of covered employees. An employee who enters the

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plan and begins making contributions at a young age pays for a larger share of his pension than another employee who enters later in life. The tabulation which follows shows the percentage of the total pension cost paid for by the contributions of male employees entering a plan at the age stated. A contribution ratio of 5 to 2 has been applied and allowance is made for the payment of the unused portion of the employee's contribution in the event of his death to his designated beneficiary. Mortality assumptions according to the Combined Annuity Table set back one year, interest earnings of $2\frac{1}{2}$ per cent and a stationary wage from entry age to retirement at 65 has been assumed.

Age at Entry	Percentage of Total Costs
25	30%
35	26%
45	23%
55	30%

The assumption of a stationary wage is, of course, unrealistic. Since most participants will receive wage and salary in-

creases from time to time and additional pensions reflecting these increases will have to be funded at older ages, it is unlikely that the employee share of the cost will ever exceed 25 per cent of the total in any but exceptional cases, unless a higher contribution ratio is applied.

The portion of pension cost provided by employee contributions depends also on the funding medium used in a plan. If, as in most cases, contributions are related to wages and salaries and not to the gross cost of pensions, any increase in the latter will be reflected entirely in the employer's share. The assumptions used in the above tabulation are those frequently applied in estimating the cost of trustee plans, and have been found adequate to maintain such plans over the years. Other methods of funding may involve higher costs due in some cases to incidental benefits not ordinarily available under a trustee plan or to other factors. Then the percentages shown in the table might be lower.

Saving Money on Compensation Claims

SOME EMPLOYERS are saving money by seeing to it that only those former employees with legitimate claims collect unemployment compensation.

It's the employer who pays the bill—through the state unemployment compensation taxes. That levy is determined by a rather complicated formula. But one factor that many states use in deciding a specific company's tax rate is how much jobless pay its former workers have been receiving. A firm gets a "merit rating" based on the ratio of these unemployment payments to its total payroll.

Fraudulent claims for compensation thus can add heavily to an employer's unemployment insurance tax bill. So more and more companies are checking on claims of their former employees.

When Ford Motor Company, for example, analyzed 6,762 compensation payments to claimants once on its payroll, the company found over 16 per cent had been paid unemployment benefits for weeks when they actually worked for Ford.

Hilton Hotels Corporation protested the 156 jobless pay claims that Illinois charged against it in 1948 and all but 11 claims were disallowed. This improved the company's "merit rating" so much that Hilton's 1949 tax in that state was 25 per cent lower than the 1948 assessment.

Since the unemployment compensation laws are designed, among other things, to stabilize employment, companies with low turnover pay less taxes than those that are continually hiring and firing. This has induced many companies, like General

Motors Corporation, to make strenuous efforts to keep layoffs small and short.

In its 1948 model change-over, GM employees lost 80 per cent fewer man-days of work than they had in the 1941 switch. This helped keep GM's unemployment tax down to a level reportedly the lowest of the auto industry's Big Three in Michigan. That state, incidentally, charges a 4 per cent penalty tax against employers with unusually high employee turnover. Two big independent auto producers are now paying the penalty rate.

Most states tell employers monthly or quarterly which of their former workers have been getting benefits. Companies can check their payroll records against the benefit rolls and see whether the same people have been drawing both pay and benefits, or whether benefits have been going to people otherwise ineligible for them. Sometimes companies find themselves charged for benefits for people they never employed.

Usually, however, these benefit payment reports go out so late that protests are of little use. Benefits once paid are almost impossible to get back, officials say.

Michigan, Wisconsin, Nebraska, and Colorado use a system that permits much closer employer-policing. They send employers duplicate copies of claimants' benefit checks. Thus, the companies know immediately who is having benefits charged against them and they can check their current payrolls. If the company is

hiring, it can tell from the benefit checks which of its ex-workers are available for work.

Fraudulent claims are costing bosses millions of dollars a year.

States last year took in some \$1,200 million to aid their idle. Claimants receive help for periods ranging from 12 weeks in Arizona to 26 weeks in 13 states. Benefits generally range from \$4 to \$26 but may go as high as \$51 in Massachusetts, which is one of 11 states that grant allowances for dependents. The Bay State, incidentally, will pay an idler with lots of dependents as much as his average pay while he worked, but no more.

Most states ask employers why their ex-workers claiming benefits are out of a job, since people aren't generally entitled to immediate benefits if they quit work voluntarily without good cause, left to have a baby, or were fired for misconduct. Even a qualified claimant is entitled to benefits only if he is still out of a job and available for work.

Suppose Mrs. "A" quits her filing job with Mountainside Metal Co. to have a baby. She applies for jobless pay, and the state agency asks Mountainside why she is out of a job. Her Mountainside employer may either disregard the state's letter, or report her reason for quitting. If the state denies benefits, that's a boost for Mountainside's merit rating.

The qualifications vary, of course. A few states would have paid Mrs. "A" benefits. One state court has held maternity to be "in the public interest."

—BY STEPHEN K. GALPIN. *The Wall Street Journal*, January 24, 1950, p. 1:2.

What's Your Safety Record?

LOST-TIME ACCIDENTS cost American industry and its workers \$2,650,000,000 last year. The National Safety Council reported 1,950,000 disabling injuries resulting in 275,000,000 man-days lost—the equivalent of removing 1,000,000 men from industry for a year. Deaths exceeded 16,000.

Yet while this gloomy score was being compiled, employees at the Martinsville, Va., nylon plant of E. I. du Pont de Nemours & Co. were busy running up a new world safety record. As proof that men can work for years without seriously injuring them-

selves, they went over the top last year with a record 19,375,116 man-hours without a single lost-time accident. The record has lasted close to seven years.

The record-smashing Martinsville program is typical of most Du Pont plants. Here, briefly, is how it works:

1. A central safety committee, composed of the five divisional heads and the medical and safety supervisors, is the guiding light. Meeting monthly, it makes safety policies, helps solve special problems, reviews and passes on safety suggestions, and closely follows the plant record for indicative trends.

2. A subcommittee, the Safety Activities Committee, meets twice monthly, considers safety, health, and protection problems affecting all or any part of the plant.

3. All safety items are passed down by the Central Committee to supervisors, who instruct foremen, who in turn carry the "messages" to workers at regular group meetings.

4. A methods and standards group assists plant areas in establishing efficient and safe ways of doing jobs and sets up standard practices that must be followed. Then all employees are meticulously trained in their performance.

5. The plant is divided into a number of safety groups, each under an outstanding leader.

6. New projects are closely studied from the safety angle. Machines are tested, unsafe features corrected. Du Pont area supervisors must certify that all new projects are safe for operation.

7. Safety guards at Martinsville fall into three classifications: personal, physical, educational. They include such items as hand-rails, machine guards, goggles, hairnets, safety shoes, and masks. Uniforms are required in certain areas, and safety shoes are recommended for everybody.

8. Believing that healthy workers are safe workers, all job applicants are given complete pre-employment physical examinations that meet strict medical standards. These are repeated annually.

9. Every time the plant wins a Board of Directors' Safety Award (about every 158 days at Martinsville), each employee is given the choice of a valuable prize, such as a camera, ice-crusher, luggage, or the like.

— *Forbes* 9/1/49

Management Views on Pension and Welfare Plans

TO DETERMINE the thoughts of management on the subject of pension and welfare plans, *Mill & Factory* recently conducted a survey among all types and sizes of manufacturing companies. Following, in brief, are the findings:

1. A majority, 78 per cent, of the respondents believe that, in general, manufacturing companies should set up some kind of pension plan for their production employees.
2. Company pension plans, as supplements to the government Social Security program, are preferable to a greatly expanded old age security program operated entirely by the government, 89 per cent of the respondents indicate.
3. Of those respondents who believe that company plans are desirable, 94 per cent believe that a contributory plan whereby cost is shared by employer and employee is preferable to a non-contributory plan whereby employer pays entire cost.
4. Costs for sickness benefits and life insurance for production workers should be handled partly by industry and the worker, 75 per cent of the respondents reply. Such plans should be handled partly by industry, government, and worker, 12 per cent believe.

Strike Back—Give to Conquer Cancer!

Survey of Books for Executives

THE SCIENTIFIC APPRAISAL OF MANAGEMENT.
By Jackson Martindell. Harper & Brothers,
New York, 1950. 300 pages. \$4.00.

Reviewed by F. Alexander Magoun*

It has often been said that those who really know cannot write, and those who can write do not really know. Here, however, is an unusually well-written book, by a man who supervised the investment of over \$600,000,000 during his 17 years as president of Fiduciary Counsel, Inc., and who is currently president of the American Institute of Management. Here is a brilliant intellect which has shone in many corners of management appraisal and which has come up with a volume that might well be studied in the business office as well as in the citadels of learning.

Contrary to what might be expected of an author whose experience has been conditioned by the taste buds of investors clamoring for profits, Martindell does not base his trust on financial statements. He sees other things as more important in an evaluative process, by nature complex in the extreme, and always bedeviled with inconstant factors. The character of the management is the one thing which speaks with unmistakable accent. "That company is well managed whose officers do not permit unforeseen circumstances to dictate their actions. . . . Intimate knowledge of a company's officers is the first indispensable step toward management appraisal. A management cannot be judged excellent solely on the basis of the results it seems to have achieved. This is because an apparent stroke of business genius may have been the simple product of the pressure of circumstances."

The lords of the coffers often do not realize that the management team can function smoothly only when it is composed of men who are spontaneously participating in a joint endeavor because they respect and like each other. There will be vigorous differences of opinion which result in fruitful thinking, but there will be no loss of emotional unity as a result of these differences. In discussing this point Martindell says, "Whether or not that spirit of unity is present in an organization can be detected immediately by the trained observer. The warmth with which department heads greet each other, question each other, and dovetail without reluctance at executive conferences, convey an unmistakable impression." Strictly polite "Good mornings" among top executives, followed by the degenerating process of an equally suave gesture which stabs in the back, is more common in management than the public realizes—and more disastrous.

* President, Human Relations, Inc.

In measuring the board of directors, the book concludes that "a company possessed of an inside board must, in most cases, be viewed with suspicion. This is because the restraining influence and the watchdog attitude of outside directors is usually necessary to prevent business excesses and to guard the public welfare." But are these the only alternatives? How about a combination of inside and outside directors?

Surely all but the most naive would agree with the conclusion that in appraising a company its organization chart is only a picture which often has little connection with what really happens. "Since management is a human function, the question of who, as an individual, exercises authority and where it is concentrated in the formal structure of the organization is of paramount importance. The formal organization chart can never reveal this because it cannot portray the actual personal relationships which exist within the officer group. Organization charts are therefore of little value in the management audit." There is cooperative participation only where there is confidence, and confidence only where there is both honesty and ability. "Not even the legal right of ownership exceeds in authority the claim of ability to express itself." These, and not a formalized chart, are what really determine who is influenced by whom in the running of a company.

This is a book which pulls no punches and which frankly states that plants are often located disadvantageously just because of some top executive's preference as to where he wants to live. Furthermore, a long-established business may have stagnated into the production of goods which are relatively unprofitable in terms of the reality of the situation. "Of every plant, therefore, and of each major product, it must be asked why it is located where it is, and why it is produced. If the answers to these two questions do not convey a sense of controlled purpose, then it is to be presumed that serious weaknesses have been inherited by or have been generated by the management in question."

Nepotism as a major cause of managerial weakness is identified and amply emphasized by examples. Examples are also given of excellent family management which has unfalteringly guided a business for a century or more.

The criteria applied to dividends on common stock are well known, but still will not be altogether popular. We all know that common stock is venture capital, but this intellectual realization does not always result in an emotional acceptance of the fact that: "The function of management is not, as many common stockholders seem to believe, to disburse company funds in order that the common stock-

holders can survive. It is to preserve, to strengthen, and to develop the corporation, and then to make such dividend payments as the corporation's internal condition warrants. But only such as the circumstances do warrant!" Obviously, then, any management which borrows large sums and at the same time pays unusually high dividends is not to be rated as competent.

The need for a virile research program which really searches, especially during a depression; sales management; dividend policy; convertible bonds and convertible preferred stocks as an index of management—each are treated in a separate chapter. The summary chapter titled, "The Principles of Excellent Management," is itself an excellent recapitulation.

The Appendix consists of the Management Audit Material of 301 questions which Martindell has developed under 10 headings: (1) economic function, (2) corporate structure, (3) health of earnings growth, (4) fairness to stockholders, (5) fiscal policies, (6) research and development, (7) directorate analysis, (8) production efficiency, (9) sales vigor, (10) executive evaluation. Without long, detailed study, followed by actual application to a number of companies, one is likely to drown in his own questioning of so long and penetrating a list of questions. But the reaction of this reviewer to the Appendix is that if it leaves something to be desired anywhere it is in the area of human relations in industry.

There will be protest from some that this book is not a "scientific appraisal." Their argument will be that it consists wholly of subjective opinions, and lacks the statistical tables, the graphs, the scatter diagrams, and weighted means, which are so often the trappings of what we call a scientific approach. Are not the 301 carefully devised and classified questions exactly the source of such data? Because Martindell does not give us in detail the correlated results of returns from the 200 companies he has thus analyzed does not mean that his method is not scientific. It merely means that how he reached his conclusions may be suspect because he has not shown us all his data. To have done so would have been to write an entirely different kind of book, perhaps more useful to the business school but less useful to the business man.

BUSINESS FORECASTING: A Survey of Business Practices and Methods. By Frank D. Newbury, et al. Controllership Foundation, Inc., 1 East 42nd St., New York 17, N. Y., 1950. 70 pages. \$5.00.

Better business forecasting is the key to better business in the future, according to this study, which is based on an analysis of the forecasting practices and methods of 38 selected corporations in a wide cross-section of in-

dustry. The results of the survey emphasize that forecasting is the starting point of intelligent business planning, and is essential to successful budgeting and control of expenses, costs, and profits.

The report includes detailed case histories on the business forecasting methods of small single-unit companies, complex single operating unit corporations and multi-unit corporations in a variety of fields, plus tables revealing the practices of the 38 studied corporations in regard to the kinds of forecasting undertaken; whether external forecasting is done by each company's own staff or by outside service; to whom reports are made; the primary function of the research staff; the field of research activity—economic, commercial, or financial; the method preferred by the company; the status of general business forecasts; the extent of outside service; who initiates, reviews, and approves the sales forecast; how the latter is based, and whether it is used as a basis for financial forecasts and budgets.

IDEALS & INDUSTRY. By Samuel Courtauld. Cambridge University Press, New York, 1949. 134 pages. \$2.25.

Reviewed by H. F. Willkie*

In *IDEALS & INDUSTRY* there is compiled a series of 10 addresses by the late distinguished Chairman of the Board of Courtauld's Limited, Britain's huge textile corporation. These addresses, rendered eminently readable without much editing, were delivered before a variety of British associations ranging from sectarian, educational, and art to economic, managerial, and service organizations, and at a time, as the author points out, when a person of his years might best address himself to postwar problems while younger men were involved totally in the pursuit of war and defense—i.e., 1942 to 1944.

Consequently, the collection of addresses as a whole is characterized by considerable reiteration of principle, even of phraseology; yet the changing nature of the audience is of such variety that Mr. Courtauld's remarks reveal themselves with a sense of conviction and emphasis, rather than repetition.

I was particularly pleased with the opportunity to review this book because of a long conversation I had with an officer of Courtauld's about a year ago, that is, a year after the author's death. It appeared to me that the Chairman's policies were to be implemented by his associates, especially in the field of personnel and labor relations. I was much taken with their views in industrial education—a subject

* Vice President and Director, Joseph E. Seagram & Sons.

to which Mr. Courtauld addresses himself repeatedly in this book—especially inasmuch as American experience has shown adult education to be a leavening agent for productivity, efficiency, and cooperation.

Yet for all this, one is struck by the polarity of thought between British and American management. Among the former there appears to be much more acceptance of government control over industry on the national scale than we would countenance here. Nationalization of public utilities and control of factory location and industrial enterprise, for example, are felt to be properly governmental functions with them. To us these things spell Socialism. Yet at the same time our personnel and labor policies are more realistic and more liberal than theirs, for Mr. Courtauld makes a strong case on many points in favor of practices we actually have employed for 20 years and now take wholly for granted. It seems strange that a nation in which industry and trade unionism flourished early, a nation which is characterized economically by an ascendancy of Socialism, should be slow to evolve modern personnel practice as a concomitant feature.

At another point one gathers that there is much more of a hiatus between financial and industrial management than exists in this country and further that this stand-offish attitude is mutual and deliberate on the part of the two groups. One would have surmised to the contrary, that the preponderance of fiscal control by the national Treasury in England would have brought these interests close together for self-preservation and concerted action.

Inasmuch as this book seeks to express the proper relationship, sometimes as an ideal, between industry and the other correlates of Britain's culture, this reviewer was surprised to find missing one particular segment of that culture and to find a second one treated rather uncharitably. The one wholly missing in the book is the effect on industrial employees of international relations; the one treated so uncharitably is the importance of good press relations, by which is meant not publicity but rather the recognition of the press not solely as an organ of popular voice (which it seldom is) but as a sister industry, sharing the same problems and responsibilities as other industry.

As to the effect of international relations on industrial employees, it would be expected that America would lag far, far behind Britain whose accent on trade has made much of the world's history. Yet apparently the insular character of the British Isles resists the compelling necessity of a broader, popular knowledge through an actual living experience of in-

ternational industrial exchange which world security demands. It does not seem sufficient, as in the British tradition, that the exchange of personal accord and experience between nations should be limited to chance crossings of the Channel by individuals or the annual junkets of buyers and sellers, scientists, and the like to the Continent in the interest of commerce or at a level of engagement generally unrecognized, unperceived and unsympathetic to the man-at-work.

It is surprising, too, that the book contains no chapter dedicated to taxation and industry. Perhaps this is a refreshing experience for readers of modern industrial literature. In fact, to encounter a non-fiction book of any sort wholly devoid of statistics is a refreshing experience, and Mr. Courtauld has demeaned neither his philosophy nor charm by making use of conventional symbolism.

Perhaps the most intriguing concept which the author pursues is the designation of man as "the only non-economic animal." Courtauld comes back to this again and again in his exposition of the individual man in industrial society—his rights, his obligations, his expensive preparation and maintenance, his incentives and aspirations. It is fitting to close this review with a quotation on this thesis from the book itself:

"The illogical impulses of human nature determine most of our actual deeds, and my favorite definition of man is: 'the only non-economic animal.' It is because his imagination enables him to devote his surplus power to things beyond the control of economics that he is man. If he loses his non-economic essence, his future has no further interest for me. . . . Today [employers] have to realize that the quality of the human beings whom they turn out of the factory doors every evening is even more important than the quality of the product they manufacture, and that the first is almost as much determined by them as the second."

TRADE UNIONS IN THE NEW SOCIETY. By Harold J. Laski. The Viking Press, New York, 1949. 182 pages. \$3.00.

Reviewed by Philip Taft*

Though the late Professor Laski did important work in government and political theory, he never manifested a deep interest in or extensive knowledge of trade unionism. His lectures on the subject—presented at a

Chairman, Department of Economics, Brown University, Providence, R. I.

number of American colleges and universities under the sponsorship of the Sidney Hillman Foundation of the Amalgamated Clothing Workers of America—are therefore far from satisfactory. They lack the depth of understanding of the trade union movement that might have been brought to the task by such authorities in the field as England's G. D. H. Cole or R. H. Tawney, for example.

For some strange reason, the Soviet Union continually intrudes into the author's discussion. An understanding of that country's policies is, of course, very necessary; they have little to do with trade unions, however, except to demonstrate that the kind that exist in England and in the United States are not possible there. Laski devotes a great deal of space to what amounts to little more than an apologia for Soviet policy. For example, the harshness of the regime is explained by the desire of the government "to make a population overwhelmingly peasant in character and recognize in one generation habits that elsewhere have been painfully acquired in over a century of disciplined experience." This is almost like saying the reason why the pedestrian was hit by a speeding car was that he was crossing the street. It is quite true, but Professor Laski, who exhibited so much indignation at conditions in the United States, might have examined the moral implications of a policy that must resort to draconian measures. Further, Professor Laski finds that in the Soviet Union "no inherent divergence of interest between the objectives of the trade union and those of the government exist." Yet he presents no evidence in support of this or of a number of his other assertions. How about the use of work books, compulsory shifting of workers, and slave labor camps? Are these among the objectives of Soviet trade unions?

Nor is there much enlightenment in his discussion of American trade unions. A typical example is his explanation "that the indirect participation of trade unions in politics rests on the belief that the American economy is still based upon competitive enterprise and that political parties ought not to be the expression of any philosophy which contradicts that belief." The notion that trade union officers are not acquainted with the economic facts of life is a piece of intellectual snobbery. Experience, some of it painful, has taught American trade unionists to avoid independent political action. This policy is the one they believe will gain the unions the maximum advantage. The author furnishes no evidence to contradict that opinion.

In the *Secret Battalion*, written as a defense of the Labour Party, Laski tells us that communists are dependent in "all matters of policy upon the views of the Russian Communist Party, to whose views they are unswervingly loyal." Further on, we are told that communists "have attacked socialist parties and trade unions both directly and

indirectly. They have attacked them incessantly. They have resorted to splitting tactics without hesitation." Should communists be admitted to affiliate with the British Labour Party, the Party would be turned, according to the author, to "subservient devotion to the dictatorship of the Communist Party of Moscow."

In addressing an American audience, Professor Laski sings a different tune. In the United States, we are told that "tales of woe about Communist infiltration into one or another of the unions . . . record the failure of leadership of men who have overwhelming majorities at their disposal and do not know how to bring their majorities into action. . . . It is no more use blaming the Communists for doing what they think it their duty to do than it is to blame the heretic for persisting in his heresy." American unions are more likely to accept the advice he gave to the Labour Party than that he furnished on his lecture tour.

There is little in this book except a re-warming of the author's prejudices.

COMMUNICATING IDEAS TO THE PUBLIC. By Stephen E. Fitzgerald. A *Modern Industry* Book. Funk and Wagnalls Company, New York, 1950. 267 pages. \$3.50.

*Reviewed by Edward K. Moss**

It is a pleasure, and perhaps a hopeful sign, to find a book by a public relations practitioner that begins with this quotation from an eminent social scientist, Elton Mayo:

"I believe that social study should begin with careful observation of what may be described as communication: that is, the capacity of an individual to communicate his feelings and ideas to another, the capacity of groups to communicate effectively and intimately with each other. This problem is, beyond all reasonable doubt, the outstanding defect that civilization is facing today."

As Mr. Fitzgerald points out, too few public relations executives—and management men in general for that matter—are familiar with what the social scientists have found in their studies of communication. And, as he also points out, a thorough understanding of how ideas are communicated from one human head to another is still part of the social scientists' "unfinished business."

But much probing has been done, much has been learned, and in his book Mr. Fitzgerald tells us something about the nature of the problems and the findings.

As he says, "if this were only a technical problem, of interest to salesmen and advertisers and public relations men, it would still be im-

* Public Relations Director, American Management Association.

portant. But it is more than that; for many will agree that some of the major problems in political science and in human relations today . . . stem in part from lack of common understanding. . . .

Mr. Fitzgerald's book does not deal with how press releases are written or how radio shows should be produced or how a caption for a picture is written. It does, however, deal with the effectiveness of the different media and their coverage of the population and the general way in which they fit into the lives of the American people and the business structure.

The first 75 or so pages of the book explain why the practical application of techniques in human communication has grown into what is known as public relations, why it is important, and how it is undertaken. The remainder of the book—the bulk of it—tells something about the experiments in the nature of communication and the resultant general principles. At the same time it analyzes results to be expected from the major media as vehicles for the application of these principles. Radio, the press, books, television, motion pictures and still pictures, advertising and special events are among the media which are evaluated in individual chapters.

Mr. Fitzgerald deserves congratulations for helping to close a gap in the literature of public relations and business management by presenting this evaluation; he is to be commended, moreover, for underscoring the relationship of public relations to the social sciences.

For the general executives he covers his subject well. Without being stuffy, he has one sharp eye on scholarship and, without being dull, the other on case histories. This book yields much useful knowledge and in a way that makes it pleasant reading. For the public relations specialist, Mr. Fitzgerald has some illuminating comments on the relationship of advertising and public relations and the status of public relations in its growth to professionalism.

THE AMERICAN SOLDIER: Volume I, Adjustment During Army Life; Volume II, Combat and its Aftermath. By Samuel A. Stouffer et al. Princeton University Press, Princeton, N. J., 1949. \$7.50 per volume; both volumes, \$13.50.

Reviewed by Walter R. Mahler*

Executives responsible in any way for employees' ability and willingness to work will find *The American Soldier* a gold mine—a gold mine of suggestions, hypotheses, techniques, and methodology based on the first attempt on such a scale to direct human behavior, in part at least, on scientific evidence. These volumes are the end product of the

* The Psychological Corporation, New York.

four-year activity of the Research Branch, Information and Education Division, United States Army. They provide a detailed record of the attitudes of the American soldier in World War II and of the techniques developed to study his attitudes.

It is a record in many ways unique. Never before had modern methods of social science been employed on so large a scale by such competent technicians. The specific data are important to specialists in the Army and in the social sciences, but the implications of the findings and the methods used are of significance to executives concerned with human relations in business and industry.

Volumes I and II are essentially descriptive of soldiers' attitudes, particularly of those attitudes seeming to reflect adjustment. The first volume studies general problems of personal adjustment of soldiers to the institutionalized life of the Army; the second treats the special problems of combat and its aftermath.**

These volumes are not digests of Research Branch reports, but in most part represent completely new analyses of data collected in surveys and experimental studies made in the Army between 1941 and 1945. The preparation of the four-volume series was accomplished by a civilian committee of the Social Science Research Council, supported by a grant from the Carnegie Foundation.

The first five chapters of Volume I, *Adjustment During Army Life*, bring together in one place a very large amount of statistical data on variations in personal adjustment in the Army. The attitudes reflecting adjustment, though all positively correlated with non-verbal behavior (such as success in the Army as represented by promotions, or failure as represented by isolation in psycho-neurotic ward) appear to represent profiles which vary with the personal background characteristics of the individual soldier (such as education, age, and marital status) and with various factors in Army experience; for example, whether or not the soldier went overseas. Certain unique conceptual tools, the scalogram, varying profiles, and the theory of relative deprivation, are introduced to help in more generally ordering otherwise disparate empirical findings.

The remaining chapters deal with selected problems, mainly those involved in men's reaction to the Army as a social institution. Chapter 6 treats social mobility; Chapter 7, job assignment and job satisfaction; Chapter 8, attitudes toward leadership and social control; Chapter 9, orientation of soldiers toward the war; and Chapter 10, Negro soldiers in the Army.

The one important condition which makes

** Volumes III and IV have been released recently. Volume III analyzes the problems involved in experimental studies of communication. Volume IV reviews selected methodological problems of measurement and prediction and will be of primary interest to those concerned with technical problems of measurement and prediction.

this series of particular value to industrial relations executives is that the Research Board was established by the Army to do a practical engineering job, not a "scientific" job. The social scientist was asked to tackle a job in the same manner that he would be required to do it in industry. The Research Board had to provide quickly and accurately facts about attitudes which would be practically useful in policy-making. It was concerned with attitudes toward very specific things which might be manipulatable. How do men feel about their job assignment? What did men feel about promotions? What about the training program? What do men like about their current situation? What do they criticize?

The major implement of the Research Branch was the questionnaire based upon public opinion and market research techniques, supplemented on one hand by informal "sizing up" of the situation and, on the other hand, by official operational statistics.

Of course, the findings cannot be applied directly to current problems of industry. Nevertheless, many of the findings are not unrelated to problems in industry, as it is estimated that out of every four men in the Army one had a combat job and of the remaining three, one had a clerical job, one a skilled job, and one a semi-skilled or unskilled job. The findings are stimulating and some are quite surprising, requiring a reconsideration of some principles long espoused by personnel men. For example, a group with relatively less promotion chances tended to have a higher proportion of men speaking very favorably of promotion than another group with greater promotional chances.

Industrial relations executives who have seen the rise and fall of a variety of incentive systems will find clues in Chapter 8 about the factors essential if group rewards and discipline are to be effective. One of the most important lessons learned in the Research Branch experience was the risks of generalizing from a pattern of differences revealed in a single small sample. The safest check was the consistency of replications. The study of personal adjustment was found to be much easier than the study of inter-personal relationships; for example, group cooperation. Many other findings will prove of interest to the inquiring reader.

A final note for those who would relate research to production problems. The experience of these talented researchers demonstrated that research groups attached to operating groups succeed only if two conditions were satisfied:

1. The administration and the research direction must be in close and continual touch with respect to administrative policies needing research for clarification or decision.
2. The research agency must try to anticipate future problems by advance plan-

ning in order that research results can be made available very promptly when needed.

It is becoming increasingly evident to keen students of industrial relations that organizations, especially large ones, must develop adequate procedures for systematically utilizing the motivations of men as well as their aptitudes. The four volumes of *The American Soldier* provide evidence that this can be accomplished in a practical situation.

WORDS INTO TYPE. Based on studies by Marjorie E. Skillin, et al. Appleton-Century-Crofts, Inc., New York, 1948. 585 pages. \$5.00.

Reviewed by Roland E. Burdick

This is a thorough and practical guide for preparing any kind of copy for the printer. Printers' "penalty charges" for poorly prepared copy can be avoided, time can be saved, and the appearance of one's words in print can be vastly improved by reference to this comprehensive desk book.

Its scope is greater than its title indicates, including guidance in matters of grammar and the effective use of words. This section alone comprises some 200 pages and the help it provides is equally valuable in the use of both the printed and spoken word. A detailed index makes quick reference easy.

Words into Type will be welcomed in any department where a major stock-in-trade is the effective use of words—in advertising, press releases, speeches, reports, and even in routine company correspondence. Together with *The American College Dictionary*, Dr. Flesch's *The Art of Plain Talk* or *The Art of Readable Writing*, and perhaps a *Thesaurus—Words into Type* will round out a basic, working library for any office where good communication is essential to good business. That leaves no one out.

LEFT, RIGHT AND CENTER. By Sidney Lens. Henry Regnery Company, Chicago, 1949. 445 pages. \$4.00.

*Reviewed by Martin Dodge**

Although Sidney Lens, author of *Left, Right and Center*, gives no inkling in the 445 pages of his book that he is aware of the role and responsibilities of management, he presents on nearly every page something which management can ill afford to miss. He describes labor rackets, implicating management as well as labor racketeers. He pans labor leaders for not getting what they could out of management. He depicts the defeats of unionism, as

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well as its victories. He touches upon every significant movement of labor in America, from Revolutionary times to the fourth round, exposing the strength and weaknesses of supporting ideologies, both foreign and domestic. And, assuming labor's cause to equate with the public interest, he exhorts the reader to adopt a concept of labor domination, which to be economic must be political, to be effective must be monopolistic.

The author is a union official. He has seen organized labor from the inside, both AFL and CIO, in New York, Washington, Detroit, and presently as director of the United Service Employees Union—AFL, in Chicago. He has written for the *Harvard Business Review* and lectured at the University of Chicago.

His illuminating discussion, teeming with the central personalities and events which have made American labor history, is blanked out against the following observation which he makes in the opening sentence of the book: "Once upon a time labor's leadership was all idealism." To the author's great regret, this time has long since passed. Admitting the need for "pure and simple unionism" in the earlier days of the AFL, Mr. Lens contends that "Gompers" has long since become obsolete; that whereas business unionism attracted wage earners when wages was the chief issue—when the Knights of Labor and Daniel de Leon and The First International carried only an unsubstantial appeal—it has now proved too materialistic for the times, a cause for dulling labor's vision and the occasion for grafting and racketeering.

"Idealism" is the great need today, the author claims. He is not thinking of this term, however, in the ethical sense. His idea is that labor has a mission in America and that that mission is to achieve class solidarity and class superiority. Industrialization has set up powerful aggregations of capital, he maintains, which mean monopoly. The trend is toward more monopoly. Labor's goal must be a counter-monopoly of even greater power to serve the interests of the greater body of the population, which is labor. This will require organic unity among the big union organizations and a purification of such bureaucratic hierarchies as those headed by Lewis in the Miners and Murray in the Steelworkers. Greater centralization and greater democratization must somehow be achieved at one and the same time!

In delineating the super role for which labor is thus nominated, Mr. Lens is conscious of the conflicting ideologies which are expected to continue within the labor movement. He is insistent in this connection that Stalinism, the name he gives to the currently dominate manifestation of Communism, be identified as reactionary, not leftist. He goes to considerable lengths to demonstrate that the purpose of the Stalinists, both within labor and elsewhere, is strictly to maintain the ascendancy of the present Russian regime. He cites cases to show

that it has no serious interest in advancing the welfare of the wage earner. He concludes that red baiting therefore only serves Moscow, as it develops resentments in people who believe they are unjustly accused; that effective attack against the Stalinists must rest on spreading the word to the rank and file—and to many unsuspecting employers—that Communism as it is practiced today is not a revolutionary movement but a fraudulent cover for protecting and perpetrating Joe Stalin and his coterie at the top of the Soviet government.

Mr. Lens has faith that once these facts are made clear to the rank and file, they will take care of the Commies. He has faith too that the rank and file, undefiled by the "business" involvements of their leaders, more "idealistic" and consequently more radical than their leaders, can readily be prepared for full-scale political action. Were it not for the proprietary interest which union officials enjoy in their respective fields, organic unity would long ago have been achieved, the author believes. Now with political cooperation at the top and proper education among the membership as to the urgency for political action, Mr. Lens sees hope for a real Labor Party in America. In fact he sees this as a necessity—"Unions must either evolve political instruments or perish. . . . Labor is a separate class that needs its own political party." He would shelve once and for all Gompers' "Reward your friends and punish your enemies" doctrine. He would dissolve the labor-Democratic coalition and promote instead the European concept of a labor government. He states, "Implicit in political action is that those who undertake it must be ready to take over the reigns of government itself."

Such a government, or any government that survives, must take responsibility, he thinks, for maintaining security and stability for the worker and providing an ever increasing standard of living. If free enterprise is no longer capable of providing those ends, then, Mr. Lens contends, "government intervention into free enterprise" would have to go all out, to the point of taking over private enterprise for the social good."

Left, Right and Center is replete with important facts about American labor. The author is to be commended for his objective appraisal of past events and for the detachment he shows in writing about his fellow unionists. His views regarding political action are astute and provocative. But the assumptions and conclusions he advances as the burden of his treatise throw grave doubt upon the author's judgment. To contend that America's standard of living, despite all the breaks in its upward curve, could be permanently improved upon by the introduction of some alien formula, is to disregard the evidence that, compared with our results, such formulas to date have produced relative penury. To assume that any net gain in the "social good" can be achieved by gener-

ally shackling the enterprise system and shifting economic power to the government, overlooks the inevitable loss of freedom and debilitation of the people that would follow, and disregards the fact that, government being inherently incompetent, the end result of any such change would be not more "good," but less.

Mr. Lens is undoubtedly right in his assumption that labor is going to play a more important part in American politics. He is undoubtedly wrong in his assumption that an enlarged role of government in America, whether labor or otherwise, will benefit anyone permanently, except perhaps those in the ruling hierarchy. The most damaging inconsistency in Mr. Lens' position is that whereas he sees clearly that Stalin and his cohorts will go to any lengths to keep themselves in power, he forgets that it is a basic human "weakness" for any one in power to try to perpetuate himself—the more power he has the more extreme measures he will take. This is also true of political parties. It would be true of a Labor Party. The stronger it became and the longer it stayed in power, the less would it be concerned with the interests of the people. This is not necessarily a reason against a Labor Party. But it is a reason that a Labor Party will not get what Mr. Lens thinks it will get.

PROBLEMS IN PERSONNEL ADMINISTRATION.
By Richard P. Calhoun. Harper & Brothers,
New York, 1949. 540 pages. \$5.50.

Reviewed by Charles A. McKeand*

The author of this work is to be commended for his recognition of fundamentals and of the need for improved standards of performance on the part of personnel administrators. The substantiating data contained in his survey tables reporting procedures of many companies is a noteworthy feature of the book. His recognition of the relationship of line and staff which emphasizes the staff function of personnel is most praiseworthy.

Mr. Calhoun's treatment of employment interviewing is broader in scope and more detailed than similar presentations to be found in the average text on personnel management. His frank discussion of the use of references fills a long-felt need. A survey table indicating the participants in the induction process points up prevailing practices with regard to the presentation of various policies. Unfortunately no follow-up of induction is suggested, yet this is the most effective means of proving the validity of selection and weaves selection, induction, and training into a firm fabric.

The chapter on training points up training problems in a new light, particularly in rela-

tion to prevailing practices. But when will we stop taking the academic approach to training problems and begin to *develop* employees into well-rounded human units in business?

The author touches on all the well-established personnel devices, such as job analysis, evaluation and incentives, the problems of wage and salary administration, and the proper function of the personnel department in these procedures.

Workload is a topic not generally discussed in books on personnel administration problems; nevertheless this volume contains a thorough discussion of management, employee, and union views on the subject. The problems involved in establishing equitable load, the administrative and psychological aspects, as well as the factors of fatigue, rest time, the grievances and arbitrations stemming from the problem—all are treated in a practical manner. The functions of the personnel department in the matter are clearly defined.

The author partially covers the subject of communication under the unusual heading of "Publicity for Employees." His discussion of public relations as it corresponds to and is related to employee relations is noteworthy.

As a rule, the topic of promotion is included in personnel texts under the prosaic heading of "Salary and Wage Administration." In this volume it is well handled under the heading of "Problems of Job Status."

Mr. Calhoun discusses the broad subject of employee relations in one chapter which he titles "Foundation of Good Labor Relations." This raises the question of nomenclature and leads one to hope we shall sometime have a clear definition of the distinctions between *personnel administration*, *labor relations*, and *industrial relations*. The author covers all the well-tried fundamentals of a sound program. In his discussion of "working conditions," he gives consideration to non-financial incentives and employee benefits.

The chapters on grievance handling, collective bargaining, and contract negotiations pose many provocative questions. Exception could be taken to some of Mr. Calhoun's conclusions; also to his negative approach to certain union problems. Nevertheless, he has managed to raise an unusual number of questions which are thought-stimulating, even if his answers do not always satisfy. He has failed, however, to cover adequately the union problems created by irresponsible leadership, secondary boycotts, featherbedding, and similar management headaches.

The concluding chapter on "Tools of Personnel Administration" touches briefly on forms and records and proceeds to a discussion of such basic matters as performance, attendance, turnover, exit interviews, surveys, and service rating records—all of which are useful in the proper appraisal of the real value of personnel administration.

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APPRaising VOCATIONAL FITNESS BY MEANS OF PSYCHOLOGICAL TESTS. By Donald E. Super. Harper & Brothers, New York, 1949. xxi + 727 pages (selected bibliography of 995 titles). \$5.00.

Reviewed by Bernard J. Muller-Thym*

Within a relatively short compass—a book that fits neatly in the hand or on a business bookshelf—Professor Super has summarized most of the useful existing knowledge on readily available psychological tests and what (principally as individual tests) they have been proved to contribute to finding the job for which a man is fit.

There is a subtle and deceptive craftsmanship about this book, which conducts the reader through significant research in testing so that even the non-professional gets not only facts, but approach and interpretation—learns how to think about testing. These two objectives—to bring together, interpret, etc., the findings of significant research in the field and to show the reader how to work with, think about or evaluate tests—are clearly stated in the author's preface. Both are as important for the personnel executive as they are for students who would use *Appraising Vocational Fitness* as a textbook in an introductory graduate course.

There is no question that Professor Super has attained those objectives. He has turned out a thorough, professional, readable book, and one which unquestionably belongs in a basic working personnel library. The rest of this review, therefore, will point out briefly what this book is about and some of the plus values it offers readers of THE MANAGEMENT REVIEW.

This is a book about tests. While the author does refer to the role of interviews, etc., in selection or vocational direction, he appraises and evaluates only psychological tests. The author covers most of the psychological tests which are readily available today (as well as pointing out the advantages of custom-built batteries). Space-wise, his emphasis is heavier on pencil-and-paper, work-sample, etc., psychometric instruments than on projective, clinical, and similar techniques.

Again, while the author naturally points out the usefulness of test batteries, his emphasis is heavily on what the individual test has been proved to contribute to appraising vocational fitness. This approach not only makes the book a more valuable working source of information, but has the added advantage for the average personnel executive of showing him how much or how little actually has been proved about a particular test he may be considering.

Finally, the book reviews tests under such headings as Intelligence, Proficiency, Clerical Aptitude, Manual Dexterities, Mechanical Ap-

titude, Spatial Visualization, Artistic Ability, Musical Talents, Interests, Personality, Attitudes, and Temperament. (Some of these sections are rather more fully developed than others, but frequently this is a reflection of the amount of research which has been published.) These chapters are amplified by others which discuss the role of testing, predictability, methods of construction, standardization and validation, using test results in consultation, etc.

Obviously, this book is valuable to the typical personnel executive for the information which it brings together and interprets. (There is little in the book which is not already known to a professional worker in the field, but not much of this information has hitherto been readily available to the executive who needs it.)

The greatest value of the work, however, will be in the orientation it will provide the personnel executive. In simple, straightforward language, it gives him a brief view of how tests are constructed, of the range of tests readily available, of the limits of what individual tests may be expected to do. Professor Super's approach cuts a clean path between the naive enthusiasms and the equally naive scepticisms which many business men have about testing. It should do much to encourage the sound use of tests, for vocational counseling and selection, not only in special guidance centers, but in business itself.

MANAGEMENT-LABOR RELATIONS: *A Handbook of Applied Personnel Practices in Cleveland*. The Associated Industries of Cleveland, NBC Building, Cleveland 14, Ohio, 1950. 78 pages. \$5.00.

How many manufacturers have employee insurance? Pension programs? Give six holidays? Operate under an incentive system? These and some 70 other questions concerning personnel administration and the labor-management relationship are comprehensively explored in this current report on the annual regional Personnel Practices Survey of the Associated Industries of Cleveland. In this survey, data was obtained from 369 companies in the Cleveland area that employ 139,545 persons, or almost 74 per cent of the city's industrial workforce. Though the study was restricted geographically, the findings should be of value to employers throughout the country, since Cleveland is a city of typical industries and unions and thus provides a fairly accurate index of industrial relations trends.

The manual is divided into two sections, the first dealing with management policies regarding office personnel, the second concerned with the industrial relations practices of companies as they apply to the factory worker. Visual graphs enable the reader to see at a glance the

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number of companies that have adopted a particular policy, and how many employees are on their payrolls. The survey is designed to give the executive an instant picture, and a picture in sharp focus, of the community industrial relations scene.

The various topics covered for both white-collar and hourly factory workers are: Absences, Accidents, Age Limitations, Arbitration, Automobile Mileage Allowance, Bonus (voluntary), Cafeteria, Call-in-Pay, Check-off of Union Dues, Clean-up Time, Dispensary, Employee Communications, Grievances, Holidays, Hours of Work, Incentive Systems, Insurance, Jury Duty, Layoffs, Leaves of Absence, Loans to Employees, Lunch Periods (paid), Employment of Married Women.

Grouped under the heading "Miscellaneous" are such subjects as: Aptitude Tests, Attitude Surveys, Bowling Leagues, Bulletin Boards, Cost of Living Clause, Counseling Service, Credit Union, Employment of Relatives, Employee Handbooks, Exit Interviews, Financial Reports, Handicapped Workers, House Organs, Identification Badges, Intelligence Tests, Job Descriptions, Job Evaluation, Job Posting, Labor-Management Committees, Letters from the President, Management Prerogative Clause in Contract, Merit Rating, Office Rules and Regulations, Parking Facilities, Part-Time Employees, Pay for Company Picnic, Profit Sharing Plans, Suggestion Systems, Supervisory Training, Vacations.

for what it is worth, one which does something for the reader, enough so that he will fully comprehend the concepts of Mr. Stigers' own pattern as expressed by him in Part I, "How to Train Conference Leaders," and Part II, "How to Use a Conference Program." Those interested in this subject are usually seeking more realism, more familiarity with actual situations, than that offered here.

At best, it is difficult to record all those things which may occur in a conference, to describe how to prepare for an effective meeting or exactly how to train a successful conference leader. Because this is so, it seems that Mr. Stigers only confuses that which should be clearly defined by description and example, by dividing his references between conference work in industry and conference work in our school systems. Granted that the techniques of presentation and discussion-leading are similar and that the organization of materials which lend themselves to the conference technique is somewhat the same, nevertheless there is still sufficient difference between conditions in industry and in school to warrant different instructional material—and separate textual treatment.

Consistent with the premise that whatever is done should be done well, Part III, "Statements and Typical Conference Reports," is rather wasted in that it does not add enough to the explanation of the basic problems of "How to Train Conference Leaders" and "How to Use a Conference Program." Exemplary as the sample "conference reports" are, they do not contribute very specifically to the know-how of actually operating a conference—the primary task of the interested reader.

Specifically, this reviewer would like to see in such a text as *Making Conference Programs Work* a "bread and butter" discussion of what actually happens in a group conference. Enough examples of how a leader "starts," "guides," and "stops" participation effectively should be put down to give the reader a meaningful story. Such detail would "pile up," but it would constitute, nevertheless, the type of thing that the potential conference man is looking for—details with examples.

Mr. Stigers has not elaborated extensively enough on the mechanical use of a leader's guide or manual. The guide or manual is a basic tool. Effective utilization of it is vital.

A final comment involves a gap in Mr. Stigers' description of material utilization. The phase omitted is that of the possibility of employing serialized units, discussions started in one meeting and completed in a subsequent meeting. While reference is made to this form of continuity, its significance as a technique of presentation is not completely established.

The material on the whole is sound and well organized but, as has been indicated, limited. The author would have produced a more useful book, in this reviewer's opinion, by selecting fewer subjects to describe and describing those selected more completely.

MAKING CONFERENCE PROGRAMS WORK. By M. F. Stigers. McGraw-Hill Book Company, Inc., New York, 1949. 256 pages. \$3.50

Reviewed by George W. Kenning*

M. F. Stigers clearly demonstrates in *Making Conference Programs Work* that he is effectively familiar with the skill of conference leadership. His constant, first-hand references throughout the text bear ample testimony to the enviable amount of experience he has had "in the field." One reading of the book left this reviewer cold, however—with the feeling that its author had established a few sound mechanical fundamentals, but still had not rendered the subject well enough, or penetratingly enough, to warrant any further reading.

But such an off-the-cuff conclusion is not in any way meant to be as destructively critical as it may at first appear. For many, if not most, of the written approaches to this particular subject fall short of breathing life into a topic which ordinarily should have sufficient interest potential. Despite a fairly exhaustive perusal of conference technique texts, this reviewer is still waiting to find one which treats the topic

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DYNAMIC EQUIPMENT POLICY. By George Terborgh. McGraw-Hill Book Company, Inc., New York, 1949. 290 pages. \$3.75.

Reviewed by Wyman P. Fiske*

In its foreword this book is described as "an attempt to rethink fundamentally the underlying theory of equipment policy." It is the result of a research study conducted under the auspices of the Machinery and Allied Products Institute, of which the author is Research Director. The major portion of the book is concerned with a theoretical analysis of the problem of equipment replacement of producers' goods and the development of an engineering formula as a basis for replacement decisions. It concludes with a relatively brief discussion of replacement policy.

Replacement is defined as "the functional dislodgment of an existing facility." Any replacement decision must be based on two elements: operating inferiority and capital cost. Both of these require adjustment for the time element by interest discounting methods. If capital cost were not a factor, the maximum of operating performance would always be sought. Since capital is inevitably a factor, the analyst always has to choose on the one hand between more capital cost and higher operating performance, and, on the other hand, less capital cost with a lower degree of operating performance. The answer is to be found in a comparison of "the lowest combined time-adjusted average of capital cost and operating inferiority obtainable" from the present machine with that obtainable from the proposed replacement. For this measure, the author has coined a new term "adverse minimum." He seeks to compare the "adverse minimum" of the "challenger" with that of the "defender."

Every machine is subject to deterioration (in performance and cost of operation) and obsolescence. Because of these factors "a gap opens up . . . between the operating performance of a machine in service and the best performance obtainable from its current challenger." Particular emphasis is placed on the proposition that the proposed replacement (the challenger) will show a similar operating inferiority as compared with the best challenger appearing in each of the successive years. A basic assumption is made that these operating inferiorities come at a uniform rate—or "gradient"—year by year. Determination of the adverse minimum is based on: (1) this gradient, (2) the cost (or current value) of the machine under analysis, and (3) an interest

or discount factor. Various short cuts are possible and are presented.

Having developed the formulae, the author compares his conclusions with existing practice in replacement analysis. He points out that current practice ignores the possibility of obsolescence in the new machine and fails to recognize any possible increase in service value through increased output or a better product. The practice of requiring a short pay-off period, in his opinion, generally results "in an overdue prolongation of the life of existing installations and a corresponding accumulation of mechanical zombies." Similarly, the use of a high rate of return acts as a handicap to replacement.

In approaching the discussion of replacement policy, three difficulties in present policy are noted. These are in turn: ignorance, poor organization, and lack of capital. Since the author takes the position that, with minor exceptions, all existing replacement formulas and devices are unsound, he concludes that American industry is arriving at replacement policy without knowledge of the facts. "American industry has had nothing better to work with than folklore and superstition." He points out that responsibility for replacement decisions is poorly placed. "In a very substantial proportion of manufacturing enterprises, there is no official whose special business it is to make a continuing study of the possibilities of re-mechanization and to bring these possibilities up for decision." The final decision on re-equipment outlays is placed in the hands of chief executive officers or the board of directors rather than in the hands of engineers, with the result that there is "an unfortunate divorce of power and authority on the one hand from knowledge and experience on the other." Lack of capital is indicated to be a determining or important factor in replacement decisions in four out of five cases. In his opinion, American industry, by refusing to seek outside capital, is passing up many opportunities for profitable replacement of equipment.

He suggests three elements in any sound replacement policy: First of all, there must be a "rational analytical framework for the comparison of mechanical alternatives." Secondly, there is necessary "proper organization"; responsibility for analysis and decision must be in the hands of a competent individual or staff. Finally, there is needed a "proper attitude all along the line, including the top officials or the board of directors, as the case may be, who make the final decision." In the words of the author, this means "a willingness to spend

* Management Consultant.

money—and to raise it if need be—for justified re-equipment."

Mr. Terborgh rests his case definitely upon engineering analysis. He is suspicious of the element of management judgment and seeks to develop a formula which will give a final yes or no answer. In his attack upon existing analytical methods, he appears to give little or no recognition to the choice of short payoff periods as a protection against the factor of error in underlying assumptions and estimates. This factor of error is necessarily high in a world where we can never see very far ahead. His own formula by its precision tends to conceal this factor of error, rather than bring it out into the open to be considered in the final judgment.

The influence of *Dynamic Equipment Policy* is certain to be reduced by the complexity of the presentation. The use of a special and unfamiliar terminology constitutes a severe handicap in the communication of the author's ideas. Many who might turn for help to the book will be discouraged by the difficulties of its presentation.

BACKGROUNDS OF POWER: *The Human Story of Mass Production.* By Roger Burlingame. Charles Scribner's Sons, New York, 1949. 372 pages. \$5.00.

*Reviewed by N. S. B. Gras**

In this book the author effectively combines mechanical engineering, history, and journalism. The central theme is the impact of mass production—man's own creation—on human society. The author has not chosen to analyze mass production in detail or to deal exhaustively with the impact, much less to narrate the history of all the phenomena involved. With light touch, however, he does enough of all these things to set us thinking afresh about the whole problem of man's relation to machinery.

The five essentials of mass production are set down as precision, standardization, interchangeability, synchronization, and continuity. These are shown as developing at different times in history, but their effective combination came quite late. The contributions of Eli Whitney and Oliver Evans of the eighteenth century are given special emphasis. Then from a general background of mechanical growth the author proceeds to the central theme—man's fear of his own accomplishments. Large-scale production, he points out, leads to monopoly, and this

men fear as an instrument for raising the prices of the goods they must consume; that is, men create machinery which in turn oppresses them by overcharging for the output. This fear leads some men in the direction of socialism and this in turn begets more fear. But perhaps the most insidious fear is that the tenders of the machines will lose their individuality. The author believes that what the workers dislike is not the *monotony* but the *anonymity* of their association with machinery. As evidence, he cites the case of the team of six girls whose working conditions were watched and controlled in an experiment at the Hawthorne works of the Western Electric Company a few years ago. How those poor girls have been overworked ever since in management literature!

The mass of men seem to be in danger of losing their individuality, Mr. Burlingame thinks. Education does not help them, for educators, like economists, suffer from a severe social lag, as he points out. The scientist and the engineer have forged ahead, leaving the worker hopelessly behind. Mr. Burlingame as an historian refuses to prophesy where man's fears and hopelessness will lead him—possibly, of course, to socialism. In other words, the author has no solution.

In perusing this loosely compiled book, the reader must piece together the fragments. Maybe the author planned it that way. Some readers will find little reality in discussing labor in the abstract. We know of some workers who want only good wages and good working conditions, while others want to be patted on the back and be made to appear to be what they are not. Others get no satisfaction in work but love power—such as the trade unions can offer.

The author's obsession with mass production, mass war, and mass finance, to say nothing of mass consumption, seems a bit excessive, but that is for each reader personally to decide. It may be that the rank and file of men fit into the larger groupings very readily and that they have no fear of anonymity but welcome it. Here too is a fatal error, or the danger thereof, namely, thinking about men as if there was any such single social grouping. At least we can see economic men, aesthetic men, intellectual men, religious men, political men, and social men. These groups have their own sense of values. The last-named is probably larger than all the others put together; and, if so, the majority of people would even welcome mass production that would enable them to belong to a large group with its routines and fashions. Perhaps the danger is not that most men fear mass production but that they will readily

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accept it and creep into the comfortable position of ivy on an oak.

Just as the essentials of mass production are open to discussion, so is the social impact of the system open to question. The author's insistence on the lag in understanding this impact is one of the most important contributions of this challenging book.

PRINCIPLES OF SALARY AND WAGE ADMINISTRATION. By A. W. Barbour. National Foremen's Institute, Inc., New London, Conn., 1949. 117 pages. \$2.50.

*Reviewed by Robert D. Gray**

Despite its name, this book does not deal with "principles." It does not present "a fundamental truth" or "a comprehensive law or doctrine, from which others are derived, or on which others are founded," which are Webster's definitions of "principle." It describes only some details of salary and wage administration.

It is difficult to determine for what group the volume was written. The author says: "This book intends to benefit those who are responsible either directly or indirectly for the establishment and administration of pay schedules."

The book cannot have been designed for the salary and wage administrator, because the author says: "The initial requirement to be met before a program can be planned is that a competent Salary and Wage Administrator shall be obtained. . . ." He then outlines the qualifications for the salary and wage administrator:

He should have demonstrated his technical proficiency in his field over a period of years.

He should have demonstrable ability to supervise and train subordinate workers.

He should be a man fully capable of explaining the principles of his work to supervisors and executives at all levels.

To be successful, he must enlist the whole-hearted support and cooperation of everyone with whom he is required to deal.

Some chapters seem to be aimed at job analysts, but again the author says: "Journeyman Job Analysts should have acquired a good working knowledge of job investigation, job evaluation, and wage determination."

The book can hardly have been designed for members of the line organization who may serve on wage and salary committees, because the author states in many places that the wage and salary administrator should have substantial authority. An executive in a company which does not have systematic wage and salary administration is not likely to want to install such a plan on the basis of the explanation given.

The volume is systematically organized, proceeding from a discussion of relative and ab-

solute wages to fact-finding (job analysis), job descriptions, job evaluations, wage determination, establishing the program, maintaining the program, and integration of salary and wage administration with the industrial relations program and collaboration with other staff activities.

A specific job evaluation plan with a very small number of points is presented. The maximum number of points is 204, but the maintenance machinist, the highest job described in the volume, is evaluated at only 59 points.

The author introduces an unusual method of ranking jobs. He starts with the journeyman class at a certain grade or level in the salary structure. He then proposes that the working leader or "straw boss" be paid one additional grade; the senior worker, two additional grades; the working foreman, three additional grades; and the full supervisor, four or more additional grades. He also suggests relationships for positions below the journeyman level such as junior, junior intermediate, and helper.

An interesting new concept is presented for the position designated as senior worker, defined as follows:

The distinguishing characteristic of these positions is the fact that the senior worker does not receive supervision from a technician in his field. Thus, he may be a welder reporting to a foreman who has no technical knowledge of welding, or an accountant reporting to a supervisor who has no technical knowledge of accounting.

The author does not indicate to a beginner how this plan would be applied to a variety of jobs. For example, he does not make clear what influence, if any, a wage survey of factory jobs should have on clerical jobs. Most companies have tried to develop several plans of job evaluation by using different plans for different types of jobs. The few companies which have tried to apply a uniform plan to all jobs have at least set up different groupings for purposes of wage and salary surveys and for wage and salary determination.

In his discussion of wage surveys, the author proposes that "all observed forms of indirect compensation should be translated into terms of dollars and cents." No indication is given that this procedure is rarely, if ever, used now. No guidance is given as to how rates which include both direct and indirect compensation are later reduced to terms of direct compensation only. It would be very easy for an inexperienced person relying on this book to compute wage rates including indirect compensation and then set rates on these higher values, thus paying some indirect compensation twice.

The Foreword says that ". . . the reason why each pay differential is what it is, rather than something else, must be demonstrable in logical terms." Later a suggested wage schedule is shown which includes the following rates: \$1.46, \$1.47, \$1.48, \$1.49; \$1.54, \$1.55, \$1.56;

* Director, Industrial Relations Section, California Institute of Technology.

\$1.69, \$1.70, \$1.71, \$1.72; \$2.01, \$2.02, \$2.03. It seems very unlikely that the reason why one job or individual receives one cent more or less per hour than another can be demonstrated in logical terms.

Although considerable stress is given to the need for equitable internal relationships among wages and salaries paid to different persons in a company, the author limits his discussion to a determination of equitable job rates and brushes aside the problem of determining a fair rate to be paid the individual worker within the wage or salary bracket.

The book contains three appendices and a good index, but there are no references to any other books in this field.

STANDARDS AND LABELS FOR CONSUMERS' GOODS. By Jessie V. Coles. The Ronald Press Company, Inc., New York, 1949. 556 pages. \$5.00.

Reviewed by Stewart H. Rewoldt*

The implicit theme developed in *Standards and Labels for Consumers' Goods* breaks readily into three parts. First, the idea is developed that consumers, by buying or failing to buy goods which producers place on the market, have a dominant role in guiding production in a competitive economy. The inadequacy of the information available to consumers about the goods they buy, however, makes it impossible for them to choose their purchases wisely. Secondly, it is suggested that the development of standards, and the use upon consumers' goods of informative labels based upon such standards, will help to solve this problem. The third part of this underlying theme argues that usable standards already exist for many products and can be developed for most others. The biggest job yet to be done is to get them into use.

Miss Coles has divided her book into seven sections. The economic role of the consumer, his problems in fulfilling that role, and the growth of the consumer movement which is designed to make him a better buyer, are the topics which constitute Part I. In Part II, the present-day makeup of labels is critically discussed, and the criteria for good labels are set up. Part III presents in detail some basic concepts of standards—what they are, their significance, and their use in measurement. The use to which standards are put by producers in the manufacture, distribution, and promotion of goods is covered in Part IV. The multitude of problems involved in obtaining standards, such as those affecting their development, estab-

lishment, terminology, and the procedures and agencies for securing standards and informative labels for consumers' goods are discussed in Part V. Grade labeling of consumers' goods in the United States and Canada, along with the controversies to which proposals for compulsory grade labeling have given rise, are covered in Part VI. In Part VII is found a discussion of the present status of standards and labels for consumers' goods.

The author has packed *Standards and Labels for Consumers' Goods* with a great mass of factual, yet very readable, information. The book should serve as a good source of information for anyone connected, either directly or indirectly, with the production, distribution, or consumption of goods. Not only does it help chart the way for the producer of goods who is desirous of adapting his product to consumer desires, but it should also serve to enlighten the would-be reformers of our distribution system concerning some of the problems involved in the labeling of products. If there is one outstanding part of the book, it is that section dealing with grade labeling. The process of devising and employing grade labels for consumers' goods, as well as the history of this development, is very fully and interestingly discussed. The author is to be especially commended, however, on her intelligent, analytical, and substantially impartial treatment of the problems involved in grade labeling which have given rise to so much controversy.

In July, 1947, the Trade-Mark Act of 1946, commonly known as the Lanham Act, became law. This Act set up requirements to which certification marks must conform in order to achieve the right of registration under the Act and laid down certain regulations governing their use. This provision of the new Trade-Mark Law has given rise to much discussion. Miss Coles, however, neither includes the provisions of this Act in her discussion of certification marks nor makes any mention of the controversies which have arisen over it. This is an unfortunate omission. Also, although the author is clearly cognizant of the multitude of problems faced by producers in establishing and maintaining standards for consumers' goods, the major emphasis in the book is placed on the consumers' problems, and the difficulties facing producers are often treated in a cursory manner. Of course, it is only natural for any author to be primarily concerned with problems in his own field. Miss Coles, a home economist, is both best acquainted with and most concerned about the consumer and his problems. For an extensive treatment of the problem of producers regarding standards and labels, one might turn elsewhere.

* School of Business Administration, University of Michigan.

THE MARKET FOR COLLEGE GRADUATES. By Seymour E. Harris. Harvard University Press, Cambridge, Mass., 1949. 207 pages. \$4.00.

Reviewed by Nathan Belfer*

This is a brief but significant book. Professor Harris has performed a vital public service in pointing out a significant problem which for the most part has been passed over very lightly by those who should be concerned about it.

The thesis of the book can be expressed very simply:

The country may soon be faced with an excess of college graduates. In 1940 there were three million college graduates in the country; in 1949 the figure had increased to four and one-half million. By 1968, if present trends continue, we will have between 10 and 15 million college graduates. There will also be upwards of 20 million graduates of junior colleges at that time. This may create a serious employment problem. Where will this group of educated men and women find positions which are commensurate with their ability and training?

This problem has been lost sight of in the rush to extend college education through the

* American Mutual Liability Insurance Co., Boston.

G. I. Bill and proposals for a national scholarship program. The fact is, however, that it appears unlikely that the professions, white-collar jobs and executive positions will be able to absorb the enormous supply of college graduates in the future. This may result in a serious social and political problem.

Part of Europe's social tensions can be attributed to the existence of a group of frustrated intelligentsia who could not find any outlet for their talents. Professor Harris has pointed out a problem, but has not prescribed a complete solution. His proposal that restrictionism on entrance into certain professions be removed, while valuable, will not completely solve the problem.

This reviewer wishes to point out another possible solution to this perplexing problem which will be of particular interest to personnel directors. College graduates have heretofore been very reluctant to take line jobs in industry. Both they and management have usually preferred that college graduates enter industry in a staff capacity. Would it be possible for industry to absorb the increasing number of college graduates of the future in line as well as staff jobs? There is no inherent reason why a line position should not be as satisfying and rewarding to the individual as a staff job. Men trained in both line and staff functions will make more capable executives.

Briefer Book Notes

Please order books directly from publishers.

FREEDOM & CO-ORDINATION: *Lectures in Business Organisation*. By Mary Parker Follett. Management Publications Trust Ltd., 2 Caxton Street, London, S. W. 1, England. 1949. 89 pages. 5s. A compilation of classic lectures by one of the pioneer thinkers in the field of business organization. Titles of the six papers included (four of which are published here for the first time) are as follows: The Illusion of Final Authority; The Giving of Orders; The Basis of Authority; The Essentials of Leadership; Co-Ordination; The Process of Control. With a foreword by L. Urwick.

THE ART OF GETTING ALONG. By Wilfred A. Peterson. Harmony Press, 1325 Underwood Ave., S.E., Grand Rapids 6, Mich. 1949. 143 pages. \$3.00. From the five million words he has published in business magazines Wilfred Peterson has selected the best of his articles, poems, essays, and stories written during the last 20 years. The material in this book covers a wide scope of inspirational and human interest subjects.

LARGE-SCALE ORGANISATION. Edited and with a Foreword by G. E. Milward. Macdonald & Evans, 8 John Street, Bedford Row, W. C. 1, London, England. 1950. 225 pages. 16s. An authoritative account of how 11 great British industries and services are organized. The senior officers who contribute these accounts also tell something of the methods by which administrative problems are solved. Sir Charles Renold, Chairman of the British Institute of Management, sums up and discusses the principles that may be elaborated from the various contributions.

SITUATION FACTORS IN LEADERSHIP. By John K. Hemphill. *Leadership Studies Number 4*. Personnel Research Board, The Ohio State University, Columbus 10, Ohio. 1949. 136 pages. A report of an exploratory approach to the study of leadership, in which emphasis is equally divided between the leader as an individual and the nature of the group situation in which he functions.

BUSINESS BOOK INFORMATION SOURCES (April, 1950, issue of *Business Literature*). Edited by Marian C. Manley. Business Branch, The Public Library of Newark, New Jersey, 34 Commerce Street, Newark, N. J. Gratis. An annotated list of periodicals that feature comprehensive signed reviews by authorities in the general field of business and economics. Includes a supplementary list of magazines that carry briefer reviews and book notes.

OFFICE PERSONNEL POLICIES AND SALARY ADMINISTRATION. Report No. 587, The Dartnell Corporation, Inc., 4660 Ravenswood Ave., Chicago, Ill., 1950. 61 pages plus charts. \$7.50. Presents current salary trends indicated by a survey of over 300 companies in diverse fields, and discusses office personnel practices covering: job evaluation, merit rating, holidays, vacations, sick leave, lunch, retirement, profit sharing, hospital and insurance plans, suggestion awards, attitude surveys, etc. Contrasts the current picture of office practices with that which emerged from a similar 1946 study, and notes a distinctly more liberal trend.

THE FOREIGN TRADE HANDBOOK: *A Guide to Exporting*. By Edward Ewing Pratt. The Dartnell Corporation, Chicago, Ill., 1949. 1,471 pages. \$10.00. In this second edition of Mr. Pratt's monumental guide to exporting, the factual material has been revised, statistics brought up to date, and recent events affecting foreign trade have been added.

HOW TO USE DIRECT MAIL SUCCESSFULLY. Sales Promotion Division, National Retail Dry Goods Association, New York, 1949. 32 pages. \$4.00. Discusses amount of direct mail being used, advantages of direct mail, direct mail objectives, building direct mail lists, determining type of printing, art and typography, how to use photography, results, typical examples.

GRAPHIC BUDGETS. By Wilford J. Eiteman. The Masterco Press, Ann Arbor, Mich., 1949. 107 pages. \$2.50. Describes conventional budgetary procedure, explains how graphic budgets can be used to picture the probable outcome of a company's plan of operation, and discusses various problems related to graphic analysis and presentation.

Publications Received

Please order directly from publishers.

GENERAL

MAJOR PROBLEMS OF UNITED STATES FOREIGN POLICY: 1949-1950. Prepared by the Staff of the International Studies Group of The Brookings Institution. The Brookings Institution, Washington, D. C., 1949. 491 pages. \$3.00.

AMERICAN MEN IN GOVERNMENT: *A Biographical Dictionary and Directory of Federal Officials*. Edited by Jerome M. Rosow. Public Affairs Press, Washington 8, D. C., 1949. 472 pages. \$7.50.

AUTHORITARIANISM AND THE INDIVIDUAL. By Harold W. Metz and Charles A. H. Thompson. The Brookings Institution, Washington, D. C., 1950. 371 pages. \$3.50.

WHY—AND HOW—TO CONDUCT A MANAGEMENT AUDIT. By Robert M. Creaghead. Chamber of Commerce of the United States, Washington 6, D. C. 12 pages. 5 cents.

THE ORGANIZATIONAL STRUCTURE OF LARGE UNDERTAKINGS—MANAGEMENT PROBLEMS. By Sir Charles Renold. British Institute of Management, 17 Hill St., London, England. 1949. 40 pages. 2s. 6d.

WHAT'S THE ANSWER: *A Brief Guide to Sources of Business Statistics for the Small Research Staff*. Committee on Business Statistics, Economic Research Department, Chamber of Commerce of the U. S., Washington 6, D. C. 1949. 11 pages. 25 cents.

TRAINING IN COMMUNITY RELATIONS: *A Re-*

search *Exploration Toward New Group Skills*. By Ronald Lippitt. Harper & Brothers, New York, 1949. 286 pages. \$3.50.

HOW TO REMEMBER: *A Practical Method of Improving Your Memory and Powers of Concentration*. By Bruno Furst. Greenberg, New York, 231 pages. \$2.50.

STATISTICS WITHOUT NUMBERS: *A Visual Explanation*. By F. Kafka. Lifetime Editions, Inc., 435 East 24th St., New York, N. Y. 1950. 111 pages. \$2.00.

106 SUCCESS OPPORTUNITIES: *An Exploration in the World of Work*. Arco Editorial Board, Arco Publishing Company, New York, 1949. 394 pages. \$2.50.

YOUR CAREER: *How to Choose a Profession and How to Prepare for It*. By Ed Cunningham and Leonard Reed. Simon and Schuster, New York, 1949. 72 pages. \$1.00.

DEVELOPMENT OF AIRCRAFT ENGINES AND FUELS: *Two Studies of Relations Between Government and Business*. By Robert Schlaifer and S. D. Heron. Division of Research, Graduate School of Business Administration, Harvard University, Boston, Mass. 1950. 754 pages. \$5.75.

NATIONAL TRANSPORTATION POLICY. By Charles L. Dearing and Wilfred Owen. The Brookings Institution, Washington, D. C., 1949. 459 pages. \$4.00.

HOTELS ADMINISTRATION AND ACCOUNTS: *A Treatise on the Management, Administration and Departmental Methods of the Modern Hotel*. By A. R. Lewis. Jordan & Sons, Limited, Chancery Lane, W. C. 2, London, England. 1949. 181 pages. 20s.

HOW TO TELL YOUR BUSINESS STORY WITH PLANT TOURS. Chamber of Commerce of the United States, Washington 6, D. C., 1950. 23 pages. 15 cents.

ENJOYING LEISURE TIME. By William C. Menninger. Science Research Associates, Inc., Chicago, 1950. 48 pages. 60 cents.

COMPETITION AMONG THE FEW. By William Fellner. Alfred A. Knopf, Inc., New York, 1949. 328 pages. \$5.00.

THE RISE OF THE SERVICE STATE AND ITS CONSEQUENCES. By Roscoe Pound. The Economic and Business Foundation, New Wilmington, Penna., 1949. 34 pages.

PRODUCTION OF NEW HOUSING: *A Research Monograph on Efficiency in Production*. By Leo Grebler. Social Science Research Council, New York, 1950. 186 pages. \$1.75.

PROBLEMS IN BUSINESS EDUCATION: *Eight-*

eenth Yearbook, 1947-1949. The Commercial Education Association of the City of New York and Vicinity. Copies available from New York University Bookstore, Washington Square East, New York, N. Y. 195 pages. \$2.00.

MANAGEMENT OF INDUSTRIAL ENTERPRISES. By Richard N. Owens, Richard D. Irwin, Inc., Chicago, 1949. 635 pages. \$6.00.

PERSONAL ADJUSTMENT IN OLD AGE. By Ruth S. Cavan, et al. Science Research Associates, Inc., Chicago, Ill., 1949. 200 pages. \$2.95.

THE PABST BREWING COMPANY: *The History of an American Business*. By T. C. Cochran. New York University Press, New York, 1948. 452 pages. \$5.00.

12 POINTERS THAT LEAD TO PROMOTION. By Richard H. Moulton. The Updegraff Press, Ltd., Scarsdale, N. Y., 1950. 16 pages. 30 cents.

ECONOMICS

ECONOMICS OF BUSINESS ENTERPRISE: *A Study of the Firm in the Aggregate Economy*. By George J. Cady. The Ronald Press Company, New York, 1950. 452 pages. \$4.50.

BUSINESS CYCLES: *Their Nature, Cause and Control*. By James Arthur Estey. Second edition, revised. Prentice-Hall, Inc., New York, 1950. 527 pages. \$6.00.

INTRODUCTION TO BUSINESS CYCLES. By Asher Achinstein. Thomas Y. Crowell Company, 432 Fourth Ave., New York, 1950. 496 pages. \$4.00.

STUDIES IN INCOME AND WEALTH: *Volume Twelve*. Conference on Research in Income and Wealth. National Bureau of Economic Research, Inc., 1819 Broadway, New York, 1950. 585 pages. \$6.00.

NATIONAL AND INTERNATIONAL MEASURES FOR FULL EMPLOYMENT. Report by a group of experts appointed by the Secretary-General. Department of Economic Affairs, United Nations, Lake Success, New York, 1949. 104 pages. 75 cents.

HELPING YOURSELF TO UNDERSTAND ECONOMICS: *A Glossary of Economic Terms*. By Howard Wilson. Economic Institute, Box 1160, Chicago 90, Ill. 1948. Second edition. 32 pages. 50 cents.

THE INCOME OF SOCIETY: *An Introduction to Economics*. By Elizabeth Ellis Hoyt. The Ronald Press Company, New York, 1950. 753 pages. \$4.50.

THE ECONOMIC ALMANAC FOR 1950: *A Handbook of Useful Facts About Business, Labor*

and Government in the United States and Other Areas. National Industrial Conference Board, New York, 1950. 663 pages. \$2.00.

UNION WAGES AND LABOR'S EARNINGS: *An Economic Tract for Laymen.* By Sidney C. Sufrin and Frederick M. Garfield. Syracuse University, Syracuse, N. Y., 1950. 78 pages. \$1.72. (Order from Syracuse University Bookstore.)

OFFICE MANAGEMENT

BETTER LETTERS: *A Course for Business Letter Writers.* By Hiram N. Rasely, et al. Third edition. Prentice-Hall, Inc., New York, N. Y., 1949. 359 pages. \$5.35.

APPRAISAL AND CONTROL OF DUPLICATING SERVICE. Bureau of the Budget, 1949. For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 44 pages. 30 cents.

OFFICE WORKERS SALARIES AND PERSONNEL PRACTICES IN SAN FRANCISCO BAY AREA: *Midyear, 1949.* Department of Research and Analysis, San Francisco Employers Council, 114 Sansome St., San Francisco 4, Calif. 38 pages.

PERSONNEL

HOW TO STRENGTHEN EMPLOYEE LOYALTY WITH LETTERS. Chamber of Commerce of the United States, Washington 6, D. C., 1950. 41 pages. 25 cents.

WOMEN'S JOBS: *Advance and Growth.* Women's Bureau, U. S. Department of Labor, Washington, D. C., 1949. For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington, D. C. 88 pages. 30 cents.

GLOSSARY OF CURRENTLY-USED WAGE TERMS. Bureau of Labor Statistics, U. S. Department of Labor, Washington, D. C., 1949. 38 pages.

NEW ORLEANS METROPOLITAN AREA ANNUAL SURVEY OF WAGE RATES AND PERSONNEL PRACTICES—1949. Industrial Relations Division, New Orleans Association of Commerce, 315 Camp St., P. O. Box 1460, New Orleans, La., 1948. 100 pages.

ABC OF SUPERVISION: *Man Management.* Business Management Service, University of Illinois, 358 Administration Building, Urbana, Ill., 1949. 44 pages.

APPLIED PSYCHOLOGY. By R. W. Husband. Harper & Brothers, Inc., New York, 1949. Revised edition. 846 pages. \$6.00.

THE FILM IN INDUSTRIAL SAFETY TRAINING. By P. R. Ignatius. Division of Research, Graduate School of Business Administra-

tion, Harvard University, Soldiers Field, Boston 63, Mass., 1949. 120 pages. \$1.50.

INSTITUTE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED. Center for Continuation Study, University of Minnesota, Minneapolis, 1948. 40 pages.

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INDUSTRIAL RELATIONS

THE EXPANDING ROLE OF GOVERNMENT AND LABOR IN THE AMERICAN ECONOMY. By Waldo E. Fisher. Industrial Relations Section, California Institute of Technology, Pasadena 4, Calif., 1950. 26 pages. \$1.00.

HANDBOOK OF NEW YORK LABOR STATISTICS: 1948. Division of Research and Statistics, State of New York Department of Labor, 80 Centre Street, New York, N. Y., 1949. 161 pages. \$3.00.

THE UNIVERSITIES AND INDUSTRIAL RELATIONS. Edited by H. D. Woods. Industrial Relations Centre, McGill University, Montreal, Quebec, 1949. 70 pages. \$1.00.

BIBLIOGRAPHY OF BOOKS ON LABOR AND INDUSTRIAL RELATIONS. (Published January 1, 1948 through July 31, 1949.) Compiled by Jane G. Maddrell. Bibliographic Publishing Co., 615 Central Avenue, Kansas City 8, Kansas. 16 pages. \$2.00.

HUMAN RELATIONS IN MODERN INDUSTRY. By R. F. Tredgold, M. D. International Universities Press, Inc., New York, 1950. 192 pages. \$2.50.

EMPLOYEE BENEFIT PLANS UNDER COLLECTIVE BARGAINING. Bulletin 946. Bureau of Labor Statistics, United States Department of Labor. For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 30 pages. 20 cents.

GUARANTEED WAGES IN THE IRON AND STEEL INDUSTRY. Report II. Iron and Steel Committee, International Labour Organisation. International Labour Office, Geneva, 1949. 49 pages.

UNEMPLOYMENT ESTIMATES. Prepared by Research Department, National Association of Manufacturers, 14 West 49th St., New York, N. Y. 1949. 17 pages. Gratis.

SEASONAL FLUCTUATIONS IN EMPLOYMENT IN THE WOMEN'S CLOTHING INDUSTRY IN NEW YORK. By Gertrud Berta Greig. Columbia University Press, New York, 1949. 164 pages. \$2.75.

PRODUCTION MANAGEMENT

PROCEEDINGS OF THE CONFERENCE ON PRODUCTIVITY. Sponsored by The University of Wisconsin Industrial Relations Center. University of Wisconsin, Madison 5, Wis., 1949. 42 pages.

INTERIM REPORT ON MEASUREMENT OF PRODUCTIVITY. Issued by the Joint Committee of the Institution of Production Engineers and the Institute of Cost & Works Accountants. Macdonald & Evans, London, 1949. 15 pages. 1s. 6d.

LABOR PRODUCTIVITY FUNCTIONS IN MEAT PACKING: *A Study of the Statistical Relations Between Labor Inputs and the Physical Volume of Output as Demonstrated by the Fresh-Pork Operations of a Midwestern Meat-Packing Plant.* By William H. Nicholls. The University of Chicago Press, Chicago 37, Ill., 1949. 256 pages. \$5.00.

REVIEW OF CURRENT RESEARCH AND DIRECTORY OF MEMBER INSTITUTIONS. Engineering College Research Council of the American Society for Engineering Education, State University of Iowa, Iowa City, Iowa, 1949. 186 pages. \$1.75.

MAJOR SOURCES OF PRODUCTIVITY INFORMATION. Bureau of Labor Statistics, U. S. Department of Labor, Washington, D. C., 1949. 48 pages.

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MARKETING AND SALES MANAGEMENT

SALESMANSHIP PRACTICES AND PROBLEMS. By Bertrand R. Canfield. McGraw-Hill Book Company, Inc., New York, 1950. Second edition, completely revised. 563 pages. \$4.25.

GUIDE TO MOTION PICTURES, SLIDE FILMS AND RECORDINGS FOR IMPROVING SALESMANSHIP. Staff Service Bulletin No. 11. Film Research Associates, 135 West 52nd St., New York, N. Y., 1950. 16 pages. \$1.00.

HOW TO WIN SUCCESS IN THE MAIL-ORDER BUSINESS. Arco Publishing Company, Inc., New York, 1949. 114 pages. \$2.00.

HOW TO MAKE A LOCAL AREA TRADE SURVEY. Domestic Distribution Department, Chamber of Commerce of the United States, Washington 6, D. C., 1949. 113 pages. 50 cents.

THE UNITED STATES AND THE RESTORATION OF WORLD TRADE. By William Adams Brown, Jr. The Brookings Institution, Washington 6, D. C., 1950. 572 pages. \$5.00.

1950 MERCHANTS' OUTLOOK. Compiled and edited by Nova Eisnor. Merchandising Division, National Retail Dry Goods Association, New York, 1950. 115 pages. \$5.00.

SALESMANSHIP AND BUSINESS EFFICIENCY. By James S. Knox. Revised and enlarged edition by John Knox. The Knox Business Book Company, Oak Park, Ill., 1950. 463 pages. \$3.00.

ILLUSIONS OF POINT FOUR. By Henry Hazlitt. The Foundation for Economic Education, Irvington-on-Hudson, New York, 1950. 48 pages. 50 cents.

MAKING INVENTIONS PAY: *A Practical Guide to Selling, Protecting, Manufacturing, and Marketing Your Inventions.* By Joseph C. Keeley. Whittlesey House, McGraw-Hill Book Company, Inc., New York, 1950. 246 pages. \$2.95.

PATENT TACTICS AND LAW. By Roger Sherman Hoar. The Ronald Press Company, New York, 1950. Third edition, completely revised. 352 pages. \$7.00.

DEPARTMENTAL MERCHANDISING AND OPERATING RESULTS OF DEPARTMENT STORES AND SPECIALTY STORES: 1949 EDITION. By John J. Kavanagh. Controllers' Congress of the National Retail Dry Goods Association, New York. 133 pages. \$7.50.

BUSINESS-SPONSORED EDUCATIONAL MATERIALS. Committee on Consumer Relations in Advertising, Inc., 420 Lexington Avenue, New York, N. Y. 64 pages. \$1.50.

MARKETING AND DISTRIBUTION RESEARCH: A Revision of *Market Research and Analysis.* By Lyndon O. Brown. The Ronald Press Company, New York, 1949. 600 pages. \$5.00.

GUIDE TO GOVERNMENT INFORMATION ON RETAILING. By Joseph H. Rhoads. Office of Domestic Commerce, United States Department of Commerce, 1949. For sale by the Superintendent of Documents, U. S. Government Printing Office, Washington 25, D. C. 38 pages. 15 cents.

599 COST-CUTTING IDEAS FOR RETAILERS. Compiled by E. B. Weiss. Fairchild Publications, Inc., New York, 1949. 96 pages. \$1.00.

MATHEMATICS OF MERCHANDISING. By Frederick A. Egmore, Research Bureau for Retail Training, University of Pittsburgh, Pittsburgh, Penna., 1949. 174 pages. \$2.50.

PRICE THEORY. By Sidney Weintraub. Pitman Publishing Corporation, New York, 1949. 447 pages. \$5.00.

HOW TO DO BUSINESS WITH THE QUARTERMASTER CORPS: A Guide to the Businessman in His Constant Search for New Markets. New York Quartermaster Purchasing Office, 111 East 16th St., New York, N. Y. 1949. 14 pages. Gratis.

PROCEEDINGS OF THE 1949 MID-YEAR MEETING—SUPER MARKET INSTITUTE. Edited by Curt Kornblau. Super Market Institute, Inc., 500 North Dearborn St., Chicago 10, Ill. 1949. 48 pages.

AN ANALYSIS OF THE DISTRIBUTION OF INDUSTRIAL SUPPLIES. American Supply & Machinery Manufacturers Association, Inc., 1108 Clark Building, Pittsburgh, Penna. 1947. 54 pages. \$2.50.

SHOPPING HOURS SURVEY. By Harrie F. Lewis and Gladys H. Fox. Research Bureau for Retail Training, University of Pittsburgh, Pittsburgh 13, Penna. 1949. 26 pages. \$1.00.

OPERATING RESULTS OF LIMITED PRICE VARIETY STORES IN 1948. By Esther M. Love. Bulletin No. 131, Bureau of Business Research, Harvard University, Boston, Mass. 1949. 48 pages. \$2.00.

OPERATING RESULTS OF DEPARTMENT AND SPECIALTY STORES IN 1948. By Malcolm P. McNair. Bulletin No. 130, Bureau of Business Research, Harvard University, Boston, Mass. 1949. 61 pages. \$4.00.

FINANCIAL MANAGEMENT

BUSINESS INCOME AND PRICE LEVELS—AN ACCOUNTING STUDY. By George O. May. Published under auspices of the Study Group on Business Income, American Institute of Accountants, 13 East 41st St., New York, N. Y. 1949. 122 pages. 50 cents.

CORPORATION FINANCE SIMPLIFIED. By Nathan L. Silverstein. American Technical Society, 850 East 58th St., Chicago, Ill. 1949. 309 pages. \$3.50.

MONETARY MANAGEMENT: The Regulation of Credit. By E. Sherman Adams. The Ronald Press Company, Inc., New York. 1950. 127 pages. \$2.50.

ACCOUNTING PROBLEMS RELATING TO THE REPORTING OF PROFITS. By W. A. Paton, et al. The Economic and Business Foundation, New Wilmington, Penna., 1949. 23 pages. 35 cents.

AUDIT WORKING PAPERS. By Maurice E. Peloubet. McGraw-Hill Book Company, Inc., New York, 1949. 508 pages. \$8.50.

CASES, MATERIALS AND PROBLEMS ON LAW AND ACCOUNTING. By Donald Schapiro and Ralph Wienshienk. The Foundation Press, Inc., Brooklyn, N. Y., 1949. 935 pages. \$8.00.

CREDITS AND COLLECTIONS IN THEORY AND PRACTICE. By Theodore N. Beckman and Robert Bartels. McGraw-Hill Book Company, Inc., New York, 1949. Fifth edition (revised). 800 pages. \$6.00.

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INVESTMENTS. By George W. Dowrie and Douglas R. Fuller. John Wiley & Sons, Inc., New York, 1950. Second Edition. 611 pages. \$5.00.

HOW TO TELL YOUR BUSINESS STORY IN YOUR ANNUAL REPORT. Chamber of Commerce of the United States, Washington 6, D. C., 1950. 32 pages. 25 cents.

INSURANCE

HANDBOOK ON ACCIDENT AND HEALTH INSURANCE. Prepared by a special committee under the auspices of the Bureau of Accident and Health Underwriters and Health and Accident Underwriters Conference. National Underwriter Company, 420 East Fourth St., Cincinnati, Ohio, 1949. 45 pages. 60 cents.

INTRODUCTION TO INSURANCE. By Laurence E. Falls. Insurance Institute of America, Inc., 80 John St., New York, N. Y., 1949. 94 pages. \$1.50.

PRACTICAL FIRE AND CASUALTY INSURANCE. By J. Edward Hedges. The National Underwriter Company, Cincinnati, Ohio, 1948. 325 pages. \$3.50.

STUDIES IN DISABILITY INSURANCE. Division of Research and Statistics, State of New York Department of Labor, 80 Centre St., New York, N. Y. 1949. 157 pages. \$1.00.

STATE CASH SICKNESS PLANS—1949. Research Council for Economic Security, 111 West Jackson Blvd., Chicago, Ill. 1949. 11 pages.

YOUR SOCIAL SECURITY: What to Do Now to Avoid Losing the Maximum Money Benefits Due to You and Your Family. By J. K. Lasser. Simon and Schuster, New York, 1949. 120 pages. \$1.00.

GETTING THE MOST OUT OF RETIREMENT. By Walter L. Jones. The William-Frederick Press, New York, 1949. 120 pages. \$2.50.

INTRODUCTION TO AN INSURANCE OFFICE. Compiled and edited by Gladys C. Main and Mary E. Williams. Northwest Agency Bulletin, 668 Dexter Horton Building, Seattle 4, Washington. 1949. 27 pages. \$1.00.

SUCCESSFUL PRACTICE OF INSURANCE. By Marvin L. Lane. Prentice-Hall, Inc., New York, 1949. 308 pages. \$5.35.

OPERATING UNDER THE NEW YORK DISABILITY BENEFITS LAW: Guide to Procedure with Questions and Answers. Social Security Division, Commerce and Industry Association of New York, Inc., 233 Broadway, New York, 1950. 61 pages. \$1.00.

Boom in Number of Nation's Enterprises Slowing Down

THE GREAT POSTWAR BOOM in business population has apparently spent its force.

There are two big head-counters who report on the number of individual businesses in the nation. One is the Commerce Department. The other is the private firm of Dun & Bradstreet.

Both have recorded a mighty mushrooming of entrepreneurs in the past decade. But an end-of-1949 look by the government tabulators convinced them the total has dipped for the first time since the war. And "D & B" saw only a thin 2 per cent gain during 1949; it had noted a 6 per cent rise in 1948 and a 9 per cent jump during 1947.

Nobody knows exactly how many businesses of all types are operating in the United States at any given time.¹ But the Commerce Department's estimate, which is more all-inclusive than that of Dun & Bradstreet, placed the total for 1949 at 3,907,000 compared with 3,976,000 in 1948. The official count in prewar 1939 was 3,305,000. The 1939-49 net gain was thus nearly 20 per cent.

Businesses are now dying faster than at any time since VJ-Day, though the death rate is still well below that of prewar 1939. The nine-thousand-plus failures which Dun & Bradstreet chalked up last year were almost double the total it noted in 1948 and nearly three times those counted in 1947. The pattern continues in 1950.

In what fields has the business population bulged most notably in the era of postwar prosperity? Commerce Department estimates give an unquestioned first-place award to construction contractors. Federal fact finders estimated there were slightly less than 200,000 such business firms operating in prewar 1939. The end-of-1949 count found 321,000 of them battling for a cut of the building boom pie. As 1950 starts, their fraternity is still expanding.

Manufacturers have multiplied tremendously since prewar days—but their numbers have been shrinking since 1947. From only 223,000 in 1949, their total soared to over 330,000 in 1947. At the end of last year the count had fallen to 297,000.

Individual companies in the wholesaling business have increased in numbers nearly 50 per cent since 1939.

Retailers, numerically, have proliferated less in the postwar boom than any other major business group. Commerce Department counters found 1,559,000 of them plying their trade in 1939, and last year's estimate added up to only 1,677,000—a gain for the decade of only about 7 per cent.

—The Wall Street Journal 3/3/50

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